

2 NEWS

Sketch

Garbled plea for measured tones

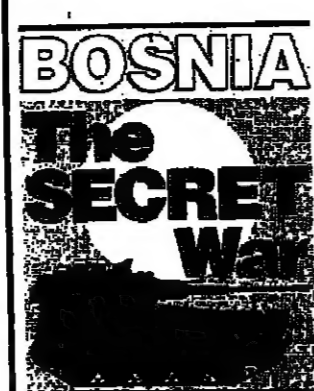


Simon Hoggart

AM just back from a spell in the Far East, where I listened to the BBC World Service every day. To be fair, it can be just a trifle dull. "The people of Guatemala go to the polls today" is probably of little more interest in China than it is in Cheade.

listeners to tape it and play it back at slow speed. "Ah, says thurr'erry" is "I have to say to the Foreign Secretary."

800 Muslim survivors of the fall of Zepa and Srebrenica still suffer brutal captivity under Milosevic Serbs 'run secret camps'



HUNDREDS of Bosnian Muslim prisoners are still being held at two secret camps within neighbouring Serbia, according to a group of men evacuated by the Red Cross to a Dublin hospital from one camp — at Sijivovica.

Men freed from clandestine detention tell Ed Vulliamy of random beatings and 'mobile torture machines'

A group of 24 men was flown to Ireland just before Christmas and agreed to speak exclusively to the Guardian a few days later.

ince, since the prisoners are held within Serbia proper. The Serbian president, Slobodan Milosevic, was a signatory to the Dayton accord on behalf of the Bosnian Serbs.

office, its spokeswoman said officials were not allowed to comment on conditions within specific camps, but acknowledged "some abnormalities" in the treatment of prisoners — usually a diplomatic term meaning beatings and starvation-level food rations.

lived massacred after the town was taken last July. One man, Safet Ilic, did escape Srebrenica with a group of people who elected not to surrender but to set off to Tuzla in a column of about 2,000.

Few carried arms, and the procession scattered as it was attacked by artillery and machinegun fire. Most continued in small groups towards the Serbian border instead, but were infiltrated or abducted along the way by groups of Bosnian Serbs and militia-men who, Mr Ilic said, killed them with knives and axes and later by firing squad.

Saudi plane grounded as writs fly

IT BEARS the call sign of the Saudi royal family, and it is impounded. Boeing 707-351, a specially modified plane, is unable to move for sheets after a court order was issued on it.



Going nowhere... The Saudi plane, with injunctions such as the one below taped to the cockpit. The owners owe about £100,000. PHOTOGRAPH: FRANK MARTIN

John Mullin The aircraft, worth £2 million, has used Kent International for more than 15 months.

lives in Herne Bay, is regularly in contact with Mr Knight in the hope of hearing that the owners are meeting their commitments again.

Which was more than could be said for the aircraft. Mr Knight said he had regularly seen the Saudi Arabians who stepped off the flight to be whisked up to London in limousines.

fees and parking costs which put even NCP to shame. The airport was puzzled by what had gone wrong.

Mr Knight said: "Call it like a giant starting handle. If you like. But we have got equipment they need to get the engines started, and without it, the aircraft is going nowhere."

He thought there were scores of aircraft in-juncted every day across the land. But few bearing the call sign of the sprawling Saudi royal family.

In the High Court of Justice

The item described in the Sheriff's inventory as 'JET-A1... PARAFINE... ALKYL... HZ-SAKI' has been seized by an Officer of the Sheriff of Kent under a Warrant in the above action.

Howard policy on lifers 'close to lynch law'

Clare Dyer reports on Lord Donaldson's attack on minister's whole life tariff ruling

THE Home Secretary's policy of taking "public acceptability" into account when deciding to release prisoners serving life for murder comes "perilously close to lynch law", Lord Donaldson, former master of the rolls, said last night.

He said there was a question mark over the legality of the "whole life tariff" intended to ensure that Myra Hindley would never be released, which could be challenged by judicial review.

But a Home Office spokesman said the Home Secretary could increase the tariff set on a mandatory basis. Under recent changes, whole life tariffs are reviewed at 10 and 25 years, and every five years thereafter, he said.

Lord Lane, then Lord Chief Justice, recommended a tariff of 25 years in Hindley's case after she was sentenced to life in 1966. The then home secretary, Leon Brittan, fixed it at 30 years in 1968, but Lord Waddington increased it to whole life in 1990.

Lord Donaldson has responded to a letter from Hindley, telling her not to give up hope of parole because "home secretaries change".

Review

A House worth staying home for

Nancy Banks-Smith

body told us," he said tightly. "There are limits and I've reached mine."

Arguing with Andrew Cate — a name to cheer anyone up — Cooper flung his phone to the floor only to find ("Oh shit!") it was another phone ringing. Cate looked at the camera. His lips were pursed. If he had blown them, he would have whistled.

Telephone fiasco costs agency £2.5m a year

locations, which lack a directory costing £240,000. As a result thousands of operators are being employed connecting staff on top of their job of dealing with the general public.

THE Benefits Agency is wasting more than £1 million a year through not having an internal telephone directory, the National Audit Office says in a report.

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David Henock The manager of the Royal Opera's shop arrived to find it shut and Austin Reed measuring it up for Argyll socks. "No

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Overseas aid to be slashed

Larry Elliott
Economics Editor

THE Government was facing a fresh row over public spending cuts last night after it was revealed that ministers intend to slash the number of countries receiving British aid to just 20 of the world's poorest nations.

In the biggest scaling back of the bilateral overseas development programme since the second world war, Britain intends to concentrate a diminishing pool of funds by pulling out of Latin America, the Caribbean, the Pacific and south-east Asia.

Despite strong historic and strategic ties with some of the countries affected, the UK will focus on sub-Saharan Africa and the Indian sub-continent and help other parts of the world via its contribution to multi-lateral bodies such as the European Union and the World Bank.

for the rich donor countries of the West, but Britain's record is already one of the poorest in the developed world.

Ms Lestor said that a Labour government would "reverse the trend".

The FER stressed that Britain could no longer afford to spread its aid budget thinly around the globe, and would instead seek to use its influence in Brussels, through which more than half the ODA's funds are already channelled.

The UK has already taken steps to restrict bilateral aid to the nations it considers most needy. The largest 20 recipients accounted for 89 per cent of planned spending in 1994/5, up from 82 per cent in 1989/90.

Under current plans this will rise to 73 per cent in 1997/8, with a medium-term goal of 85 per cent.

It is understood that the main recommendations of the FER have been accepted by the Overseas Development Minister, Lady Chalker, who has fought a long rearguard action against cuts in her budget, and will be made public next month.

In addition to the concentration of aid on the 20 countries, the FER seeks other savings. It calls for phasing out of the £25 million spent on ODA scholarships and reallocation of the money to country programmes, as well as more efficient funding arrangements for the British Council.

It adds that the Government should leave two UN organisations — the United Nations Industrial Development Organisation (UNIDO) and the Food and Agriculture Organisation (FAO) — and reduce its financial support for the UN Development Programme (UNDP) and United Nations Children's Fund (UNICEF), unless pressure from the developed world forces rapid reform.

The United Nations has a target of 0.7 per cent of GNP

WIN Hutton, page 9



UK foreign aid

Aid as a % of GDP

UN target 0.7

Source: ODA

1979 1984 1997/98

Parents of girl who committed suicide are discovered hanged

Continued from page 1

noticed the tie had been knotted around the door handle and I realised she was dead."

Mrs Henry, a homeless prospect worker, broke down after the hearing, which recorded a verdict of accidental death, and said: "We are desperately trying to come to terms with her tragic death, but I don't know how."

"She was a very happy and sensible girl and I just cannot see her killing herself."

"We used to tell her off quite a lot for being untidy and she would be a bit grumpy for a while but it would never last."

Ms Tucker, aged 54, saw Barbara and Michael a few days ago.

"Although they were smiling, under the surface they were both completely shattered," she said. "It takes time to come to terms with a tragedy like Michelle's death and I know they could never forget it."

Mrs Henry's father Granville said: "I just can't believe what has happened. There was never any sign that they would do anything like this."

"They were very close to Michelle and they obviously couldn't come to terms with what happened. I can't believe this is happening."

A spokeswoman for the Samaritans said that it was very rare for a girl as young as 12 to commit suicide.

She added: "A suicide in the family does sometimes increase the risk of another suicide in the family. If you have been exposed to it, your perception of that being a way out is increased."



Janet Jackson, new monarch of pop, reigns over (left, from top) brother Michael and Madonna, both getting by on \$60 million, and Mick Jagger, who gets only a share of \$45 million

Janet Jackson's \$80m deal tips brother from top spot

Ian Katz

SHE was always the less talented younger sister trying to ride her brother's coat-tails to stardom. Detractors accused her of lip-synching and even using a body double to produce some of her flattering videos.

But no one's poking fun at Janet Jackson now. The 29-year-old entertainer has just signed the most lucrative recording contract in history, unceremoniously displacing her troubled sibling as the self-styled monarch of pop.

Ms Jackson, who has

battled for years to shed a troublesome reputation as the only "normal" member of the idiosyncratic showbiz clan, will receive an estimated \$80 million (about \$52 million) from Virgin Records for her next four albums.

The deal easily outstrips multi-million dollar recording contracts signed by other performers such as Michael Jackson, Madonna and the Rolling Stones and is expected to trigger a flurry of "me, too" demands from top acts.

Ms Jackson was able to negotiate the deal because a loophole in her contract with Virgin Records freed

her from obligations to the company if its ownership changed. Richard Branson sold it to EMI in 1994.

The singer's release triggered a fierce bidding war between executives from 10 entertainment companies. "It's not really a money-making deal," said David Browne, music critic of Entertainment Weekly magazine. "These kind of deals are made so that one mega-company can show other mega-companies that they have the clout to fork out that kind of money."

Ms Jackson began her career as a dimpled child actress in TV shows like Good Times and Facts of

Life. She tried her hand with limited success on the big screen but came of age as a pop diva in recent years with a string of hit solo albums.

More than 30 million copies of her last three albums have been bought and her greatest hits album, *Design of the Decade*, has been selling respectably since it was released last autumn.

"Most of the artists who signed mega-deals a few years back are no longer in their selling prime," Geoff Mayfield, director of charts for Billboard Magazine, told the Los Angeles Times. "But Janet's graph is still definitely on the rise."

Though few consider Ms Jackson as fine a vocalist as her scandal-prone older brother, her success has been built on her talents as an all-round entertainer and an ambition reportedly unsurpassed in the industry.

She has also been the beneficiary of one of the pop business's biggest marketing efforts, and her output of bland dance pop is promoted by a stream of glossy, aerobic videos.

Until now, Madonna reigned as Queen of Pop with a multi-album deal with several Time Warner companies worth \$60 million. Michael Jackson is still scraping a living from

a \$60 million deal with Sony struck in 1991, while the Rolling Stones are forced to divvy up a meagre \$45 million for three whole albums.

Ms Jackson is unsurprisingly delighted with the belated recognition of her talents. "I worked hard to get to this position in my career," she told the Los Angeles Times. "It really feels wonderful to be so wanted."

Meanwhile, La Toya, who has always felt rather less wanted, has launched a high-rate phone-line on which she promises to disclose some of her family's ugliest secrets.

£13,500 award for IRA bomber's ankle injury

David Sharrock
Ireland Correspondent

THE convicted IRA bomber Donna Maguire was yesterday awarded £13,500 compensation for an ankle injury caused by tripping on a footpath, which she said had forced her to give up dancing and wearing high heels.

Ms Maguire, aged 28, sued the Department of the Environment in the High Court in Belfast. She claimed damages for injuries sustained when she tripped in her home town of Newry, Co Down, in 1985.

Explaining the delay in dealing with the case, Ms Maguire's solicitor told the judge: "The plaintiff was outside the jurisdiction for a lengthy period of time."

Ms Maguire was in custody in Germany for six years before she was convicted last June of being involved in a bombing at Osnabruck in 1989. She was sentenced to nine years' jail but was freed immediately because of the time she had been in custody.

Ms Maguire said in evidence yesterday that she fell after her foot became trapped in a broken paving stone. "My ankles were twisted and the left one was bleeding," she said. "I had to lean on my aunt to get home."

The left ankle swelled up and was bandaged in hospital after being X-rayed. "I still get pain when I walk a long distance or have to stand a long time. I have had to give up dancing, jogging and swimming because the ankle swells up. I can't wear high heels and the ankle is not very stable when I walk on rough ground."

Mr Justice Fringle said that despite doubts and suspicions, he had reached the conclusion that Ms Maguire fell because of a defect in the pavement. He awarded her £12,000 for pain and suffering, with the balance made up of interest and loss of wages as a secretary.

Liability was denied by the Department of the Environment and its lawyer was granted a six-week stay to consider an appeal.

The Ulster Unionist MP for Fermanagh and South Tyrone, Ken Maginnis, said he

was disgusted by the award. "It's galling to think that somebody who has sought to inflict so much damage now finds herself being compensated for an alleged injury."

Ms Maguire ended a six-year tour of the prisons of three European countries last summer.

In July 1989 she was arrested at Rosslare, Co Wicklow, and charged with importing sodium chlorate, used in bomb-making, but was subsequently acquitted.

She was re-arrested in June 1990 in Belgium and charged with membership of an illegal organisation and arms possession. The case never came to court, but she was extradited to the Netherlands to face charges of the murder of two Australians shot by the IRA in Rotterdam.

In March 1991 she was acquitted by the Dutch court, but extradition proceedings were renewed and she was transferred to Germany. In June 1994 a German court acquitted her of bombing a British army base near Hanover in 1990 and of involvement in the murder of Major Michael Dillon-Lee in Dortmund.

Chris Stevens in Bucharest and Sarah Boseley

A BRITISH man has been ordered not to leave Romania while police investigate a charge against him of taking a baby girl from a children's hospital and smuggling her into Britain.

The Foreign Office confirmed yesterday that John William Boast, aged 47, who lives in Romania, was suspected of abducting one-year-old Laura Varga.

"He is not in police custody, but he is prevented from leaving Romania," a spokesman said. "The British embassy in Bucharest is aware and we are in touch with one of his lawyers."

He said it was not certain where the child was.

The Romanian prosecution service said it was investigating allegations that Mr Boast took the baby out of the country illegally and gave her to a family in London in December. He was arrested but then released soon after he arrived back in the country towards the end of the month.

The case is sensitive for the

Romanians who have repeatedly insisted that stringent new adoption laws have put an end to corrupt and illegal practices which once enabled foreigners effectively to buy babies without proper checks on their suitability. Some of those with mental or physical disabilities were later rejected by the adoptive parents.

A Romanian press report says Mr Boast told the police he had taken the baby with the full consent of the parents and the authorities at the hospital in Oradea in the north-west, near the Hungarian border. Mr Boast lives in Fintis, a village nearby.

A Home Office spokesman said he had no knowledge of a Romanian baby being brought illegally into Britain. Any child brought into the country from Romania would need entry documents from the British embassy in Bucharest.

Illegal adoption has been a raw nerve for Romania since its break with communism in 1989. In the subsequent chaos thousands of foreign couples took advantage of lax adoption laws to buy babies from impoverished families.

The Romanians have repeatedly insisted that stringent adoption laws, passed in 1992, have stamped out the practice. Yet in July 1994, Adrian and Bernadette Mooney, were arrested as they tried to smuggle a baby girl across the border into Hungary. The British couple, who already had a Romanian daughter adopted legally, had paid mediators and the Gypsy parents who gave up the baby. They were given two-year suspended sentences.

Last year a British aid worker, John Davies, had his visa cancelled after allegations that he masterminded a baby-selling organisation from his station in Transylvania. He allegedly supervised a group of pregnant Romanian mothers who crossed the Romanian/Hungarian border to give birth and returned without their babies.

The Romanian Orphanage Trust, which encourages the return of abandoned children to their parents or extended families, said only 5 per cent of children in orphanages were actually orphans.

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Continued from page 1

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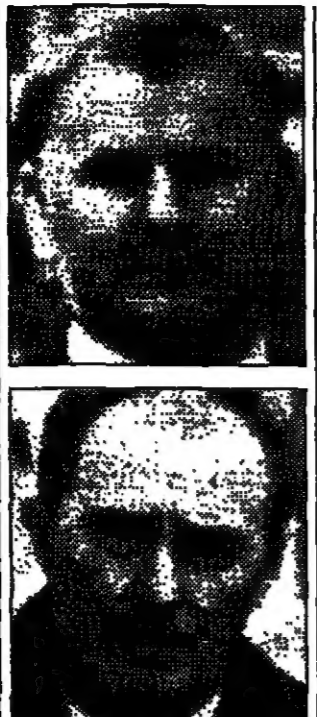
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4 BRITAIN

Owners charged with manslaughter after death of six novice crew of 'illegal and unseaworthy boat'

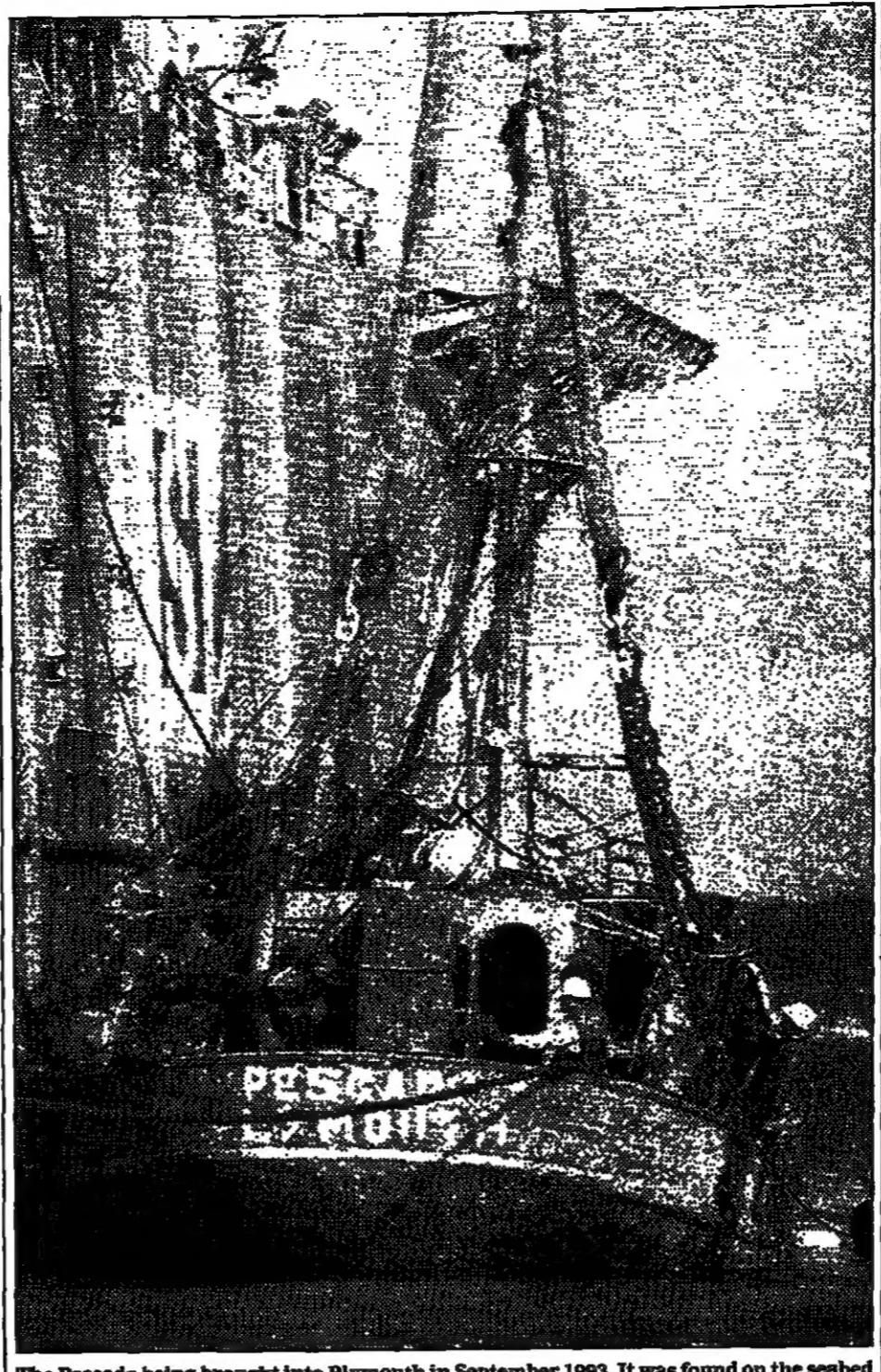
Trawler crew left 'to sink or swim'

THE novice crew of a British trawler who died when their boat sank 13 miles off the south Cornwall coast almost five years ago were sent to sea in an unstable, unseaworthy, illegal vessel that had no adequate life-saving equipment and no adequate means of alerting the rescue services in the event of an emergency, a court was told yesterday.



Joseph O'Connor (top) and Alan Ayres

her last voyage the condition of the Pescado and her equipment were such that she could not lawfully go to sea. As a result of changes made to the vessel during a refit in 1990 she did not comply with minimum stability criteria, and Mr O'Connor knew that was the case.



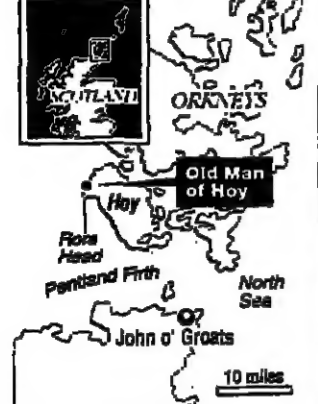
The Pescado being brought into Plymouth in September 1993. It was found on the seabed 13 miles south of Dodman Point, Cornwall, in April 1991.

Heseltine jumps gun on jobless

THE Government's desperate attempt to get on top of the "good news" agenda yesterday left Michael Heseltine open to criticism that he let slip monthly market-sensitive unemployment figures ahead of schedule.

month in a row — those are the things that matter." The figures are traditionally guarded closely and the gaffe is a symptom of government under acute strain.

Skipper missing after fishing boat blast



A FISHERMAN is missing, presumed dead, after an explosion destroyed the wheelhouse of his vessel and sent it and the remaining crewmen drifting in darkness on to the base of a 450-foot cliff.

Longhope and Thurso were also launched. The operation began after the St Ola spotted a red distress flare fired from the raft about 7.30am. Mist and drizzle hampered visibility.

They were airlifted to the Balfour hospital, Kirkwall, where they were being treated for cuts and bruises and hypothermia.

The four stranded on the wooden vessel had to sit for five hours while it was blown by 30 knot winds on to Rora Head, one mile south of the spectacular Old Man of Hoy rock pillar.

It is thought that Mr Stimpson may have been knocked overboard by the blast.

Poorly advised pair face bank counter-claim

A COUPLE who humiliated Lloyds Bank over poor mortgage advice and forced a review of high street bank lending practices faced a crippling counter-claim in court yesterday over loans and interest payments.

Mr MacKenzie said the profits from selling Gravel Hill should go to pay off the mortgage on the property.

Men skip bail on arms charges

AN ALLEGED former leader of the Irish National Liberation Army was on the run last night after skipping bail on charges relating to an arms swoop in the Irish Republic nine months ago.

When they appeared in court last July a Belfast solicitor read a statement claiming that the accused had influenced the INLA to suspend its military operations a month before the IRA called its 1994 ceasefire.

Scargill's poll challenge to Labour

ARTHUR Scargill's fledgling Socialist Labour Party is to challenge Labour in next month's Hemsworth by-election. Its candidate will be a leading Women Against Pit Closures activist, Brenda Nixon.

Ms Nixon, aged 35, is a media studies student at Sheffield university. She said she would be fighting for the rebuilding of public services, repeal of anti-union laws, common ownership, and the "socialist values which New Labour has dropped and the Tories have tried to eradicate".

Ms Nixon said there was a lot of excitement about Socialist Labour and predicted her candidacy would "shake up" Mr Blair's party.



Brenda Nixon: planning a shock for New Labour

Advertisement for PC hardware sale. Features Intel Pentium processors, hard drives, and various PC bundles. Includes prices like £749.00 and £1199.00. Text: 'SALE ENDS SATURDAY £50 OFF ALL PC's'.

Advertisement for Easyware/ES.COM. Text: 'The channel that championed minority programming and quality popular culture seems to have gone a little mad. It's spiky, Amazonian and utterly in yer face, screams the press material. The Girlie Show's presenters are going to be "flipping the script of laddish culture". They are the latest twist in postmodern culture — ladettes.'

Last prominent reformer quits cabinet ● President oversees assault on Chechen rebels ● Moscow's 'spin doctor' admits war plan going awry

Besieged Yeltsin lurches to right

David Hearst in Moscow

RUSSIA'S first deputy prime minister, Anatoly Chubais, one of the few survivors of the first radical democratic government and author of the privatisation programme, offered his resignation last night to President Boris Yeltsin.

Coming as the president oversees the bloody assault on the remaining Chechen rebels holed up in the Dagestan village of Pervomayskaya, Mr Chubais's departure signalled a further lurch to the right by the Russian government.

Mr Chubais told a news conference later that he was leaving because the president was unhappy with his work. He said Mr Yeltsin had accepted his resignation.

In the first day of the new Russian parliament, Mr Yeltsin came under heavy attack

for his handling of the Chechen hostage crisis. All day the Duma waited for a presidential spokesman to give an official report on the outcome of the operation. The liberal Yabloko group has vowed to seek a vote of no-confidence in the government, and yesterday it said it would also try to hound Mr Yeltsin out of office, after what it described as the bloody tragedy in Pervomayskaya.

"The federal authorities have again demonstrated the obvious — they are not in a position to lead the country," Yeltsin and prime minister Viktor Chernomyrdin are dangerous for society, both in their action and their lack of action," Yabloko said.

Gennady Zyuganov, the leader of the Communist Party and the largest faction in the new parliament, said: "It would be better for the whole country if Boris Yeltsin did not put himself forward for another term."

But Mr Yeltsin has shown every sign of being prepared for a fight to the finish. On Monday he gave his clearest hint that he would run again, and appointed another rival to Mr Chubais, the deputy prime minister Oleg Soskovets, as manager of his presidential campaign.

Chubais presided over the biggest sell-off of state assets in history

The departure of Mr Chubais is the latest and biggest sign of the shift towards hard-line nationalism in the Russian government that many in the West have been fearing. Two days ago Sergei Filatov, another former liberal, quit as head of the presidential administration, to be replaced

by noted hawk, Nikolai Yegorov. Yesterday Mr Yegorov said that all rebel Chechens who engaged in violence should be wiped out. "All criminals who have raised arms against their own people must be destroyed," he said.

Mr Chubais, an economist from St Petersburg, was catapulted to national fame by the city's mayor, Anatoly Sobchak. He was rarely out of controversy as head of the state committee on property, which became the main vehicle of privatisation. He was the driving force of the first wave of privatisation, launched with a voucher given to every Russian citizen.

But he made powerful enemies as the second stage of privatisation began — auctioning off Russia's biggest privatised firms for a fraction of their real value. He clashed with the regional governors, and in particular with Yuri Luzhkov, the powerful mayor of Moscow.

The issue of privatisation has become inextricably mixed with the controversy about the fall in government revenues, badly needed to fund increased pensions and social protection for millions of Russians living below the bread line.

In his period in office, Mr Chubais presided over the biggest sell-off of state assets in history, but the speed and scale aroused persistent criticism, latterly from the banks, that a few well placed people were profiting at the expense of the state.

To Western investors Mr Chubais was a pivotal reformer whose presence in the government ensured that it stayed on the path of free-market reform. Yesterday Mr Chubais was still involved in negotiating a three-year loan worth \$5.8 billion from the International Monetary Fund.

Leader comment, page 5; Dark days, page 9

Snipers rattle the general

James Meek near Pervomayskaya, Dagestan

GENERAL Alexander Mikhailov admitted that he was "very concerned about snipers". "They have a range of 800 metres. This was not part of our plan," he said.

It was the first time the former KGB's chief spin doctor in the field had admitted that Moscow had overlooked any detail in the struggle to beat the Chechen hostage-takers.

If houses where hostages are being held are set on fire, or riddled with bullets, that has nothing to do with the tons of munitions being buried into the settlement by the Russians. The Chechens, according to the gen-

eral, are doing all the damage themselves.

When the Russian attack on Pervomayskaya began, the main reason given by Gen Mikhailov was that two captured Siberian interior ministry soldiers had been killed by the Chechens and strung up from a tree.

Yesterday he denied having said any such thing. The interior ministry captures, he said, were alive and well, and he had not the faintest idea who had been hanging from the tree.

As the Russian assault against the tiny hamlet ran into trouble, Gen Mikhailov stopped calling it a village and started calling it a town. What had previously been an operation to rescue hostages or "destroy bandits" became instead

"the liberation of occupied territory".

Russian attempts to steer the news with the subtlety of a super-tanker helmsman are not confined to the media. Gen Mikhailov's boss and the commander of the Pervomayskaya operation, General Mikhail Barsukov, was clearly behind President Boris Yeltsin's wildly optimistic forecast on Monday that the assault would be over by nightfall.

The Russians have made frequent and blatant attempts to mislead the news. President Yeltsin said on a number of occasions that Russian aircraft had stopped bombing Chechenia, when it was all too obvious they were still doing so.

Prisoner 'cattle market' flouts Dayton accord

Julian Borger in Sarajevo

RED CROSS officials accuse both sides in the Bosnian conflict yesterday of trading prisoners "like cattle" for money, instead of releasing them as agreed under the Dayton peace plan.

Jacques de Maio, a senior official of the International Committee of the Red Cross (ICRC) in Sarajevo, said the Bosnian Serbs and the Muslim-Croat Federation were rescuing secret deals on prisoners, while failing to comply with their commitment to free them.

With only three days to go before all prisoners must be freed under the peace plan, he said there was no sign that the deadline would be met. Both sides preferred to trade behind the back of the international community.

"Bilateral exchanges are being arranged," Mr de Maio said. "It's about money. Let's be clear about that. It's a cattle market."

He said that prisoners' relatives would approach exchange commissions run by their own authorities and hand over money for their release. The exchange commissions then contacted their counterparts on the other side and organised trades.

Such exchanges had been known to involve prisoners, money, diesel and the bodies of dead soldiers. Mr de Maio said civilians, especially from minority groups, had been taken hostage to bolster bargaining power.

"It is the final stage of ethnic cleansing," he said.

The market in prisoners has been a feature of the Bosnian war since it erupted in 1992. But ICRC officials are fu-

rious that the practice has continued since the signing in November of the Dayton peace agreement, which commits both sides to releasing their prisoners unconditionally under ICRC supervision.

Under an ICRC plan, both sides were due to free more than 400 prisoners yesterday at Sarajevo airport, but nobody turned up. The *Ilasco* followed the failure of a prisoner release in western Bosnia on Monday.

The ICRC puts most of the blame on the Bosnian government, which has refused to release prisoners until the Serbs give a full account of the fate of thousands of Muslims missing after ethnic cleansing campaigns.

The ICRC has been allowed to see about 400 prisoners in Serb hands. The Bosnian government says that 24,000 Muslim men are unaccounted for. It insists that 4,000 are alive and in prison camps.

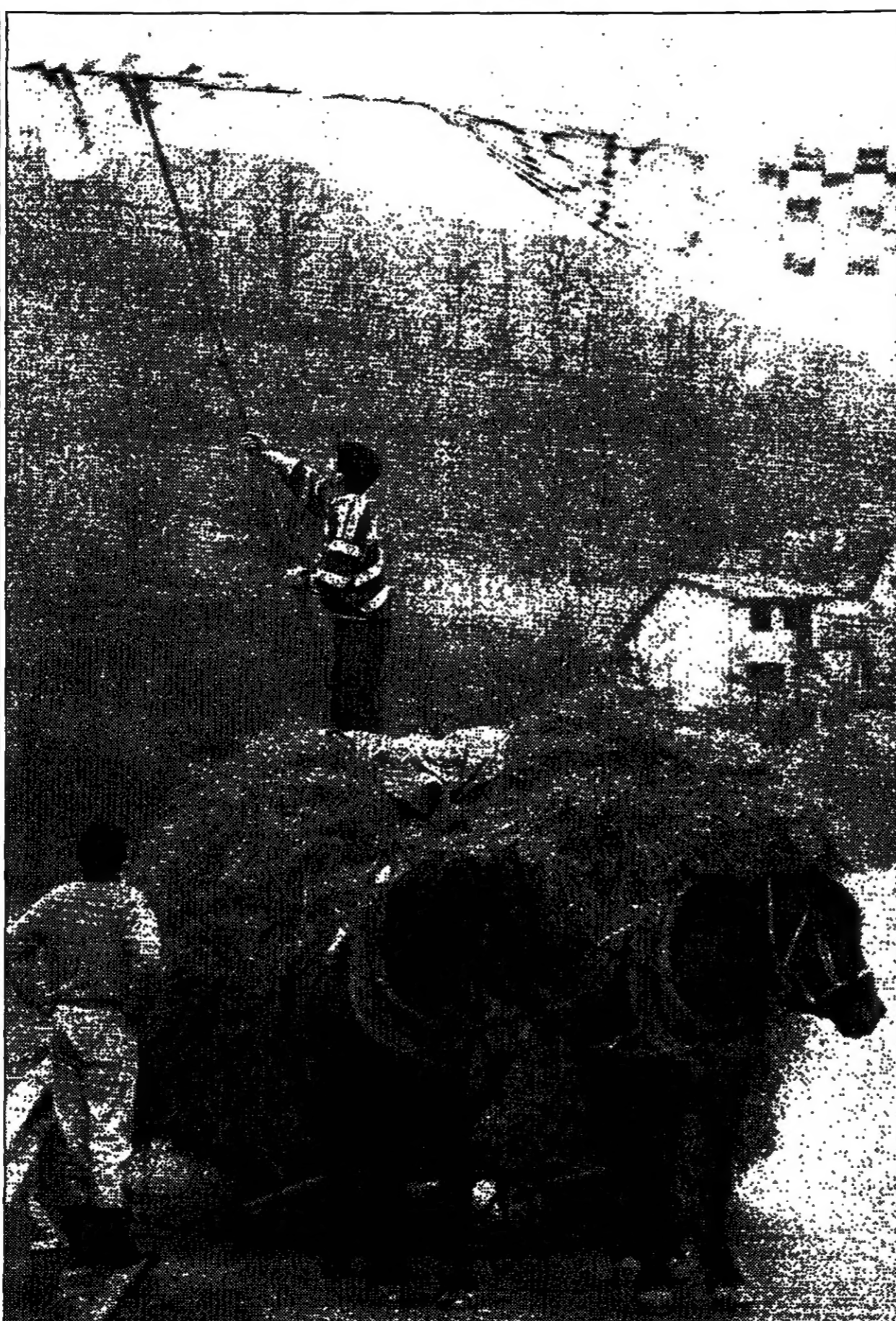
ICRC officials point out that the Dayton accord treats prisoners and the missing separately.

They say the ICRC is trying to trace the missing, but argue that the 900 prisoners officially acknowledged by both sides should not be used as a bargaining chip to find them.

Mr de Maio, co-ordinator of the monitoring and visiting of detainees in former Yugoslavia, confirmed claims that some prisoners were being held in Serbia and Croatia.

Admiral Leighton Smith, commander of the Nato-led peace implementation force, has the power to decide when the Dayton accord has been violated and what penalties to impose.

But Nato said yesterday that military action against the Bosnian government would be inappropriate.



Two defiant Bosnian Croats use local horsepower to erect a banner declaring their village Croatian. Under the Dayton agreement, the village of Majdan in central Bosnia is to be handed over to the Bosnian Serbs. PHOTOGRAPH CHARLES MILLER

Nato in talks on aiding war crimes investigators in Bosnia

Ed Vulliamy in The Hague

THE war crimes tribunal in The Hague said last night that it was working with Nato's high command to ensure "everything is in place" for its investigations into suspected mass graves in Bosnia, and the pursuit of war criminals.

As details emerged about the existence of a potential mass grave in a mine shaft near Pijedor, the tribunal spokesman, Christian Charter, said that providing the investigators with security would be among the issues to be discussed by the chief prosecutor, Judge Richard Goldstone, and Nato's secretary-general, Javier Solana, in Brussels on Friday.

He warned that any attempt by the Bosnian Serbs or other parties to obstruct the investigations would lead the tribunal to report to the United Nations Security Council with a view to the "automatic reimposition of sanctions".

Tribunal officials say they are expecting arrests on the ground before too long, in which Nato will play a role.

Yesterday the tribunal held a closed hearing in the case of the only man accused of war crimes to be held in custody — the Bosnian Serb Dusko Tadic. His trial was set for March 18.

Most of the UN's data on alleged human rights violations in Croatia has been stolen from its offices in Zagreb, officials said.

Israeli leader says he cannot forgive the Holocaust

Ian Traynor in Bonn reports on Weizman's solemn messages to the Bundestag

HIS Hebrew echoing through the parliamentary chamber where before, he said, it "was screamed in the gas chambers" of Nazi Germany, President Ezer Weizman of Israel told Germany's rulers yesterday that the Holocaust was unforgivable.

But the very presence in Bonn of the tall, silver-haired former fighter pilot — and as the first foreign head of state to address a joint session of reunified Germany's parliament — helped Chancellor Helmut Kohl in his mission to make Germany a "normal" country, host to the leader of a people 6 million of whom were murdered by the Nazis.

Mr Weizman, aged 72, stood with his back to the Rhine and the giant eagle of German democracy. President Roman Herzog of Germany stood in front of him. Mr Kohl to his right. Johannes Rau, the veteran Social Democrat and head of the upper house, sat on his left. He was celebrating his 65th birthday to a constant parade of congratulatory handshakes.

"It is not easy for me to be in this country," Mr Weizman told the special session of parliament. "To hear the memories and the voices which scream to me from the earth. It's not easy for me to stand here and address you."

He recalled the "millions of my people's children whom the Nazis put to death".

"As president of the state of Israel, I can mourn them and remember them, but in their name I cannot forgive," he said.

He continued with cautionary words directed at the new Germany, where synagogues and Jewish graves have been desecrated in the five years since unification.

"I can only demand that in your knowledge of the past you direct your minds to the future. That you take note of every stirring of racism and hostile every stirring of neo-Nazism."

Mr Kohl, who struggled to stifle a slight yawn halfway through the 22-minute speech, led the standing ovation. And when Mr Weizman strode over to shake Mr Kohl's hand, it looked as though the tears that graced the chancellor's cheek at last week's Notre Dame service for Francois Mitterrand were about to reappear.

"He said he can't forgive us and we have to accept that," said Günther Verheugen, a leading opposition Social Democrat. The air was thick with talk of building bridges between Germans and Jews and between Jews and Arabs.

"His speech gave the Jewish message of life and let live to this audience and they understood the message," said Michael Friedman, a German-Jewish lawyer.

But two issues blemished the solemn spirit of reconciliation. After arriving in Germany at the weekend,

'It is not easy to hear the voices which scream to me from the earth'

Mr Weizman told leaders of the growing 40,000-strong Jewish community that he could not understand how any Jew could live in the country after the Holocaust, and appealed to them to move to Israel.

Some of those leaders were outraged. "I think it of the highest importance that Jews live in Germany," Hermann Simon, head of the Jewish Centre in Berlin's recently rebuilt New Synagogue, said yesterday. "Otherwise the 'Final Solution' would have succeeded in retrospect."

Rita Suessmuth, the parliamentary Speaker, pointed out in her introductory remarks yesterday that Jewish life in Germany was undergoing a revival.

The other issue was a Bonn row over pensions for 35,000 Jews of German origin in eastern Europe. Mrs Suessmuth insisted that the problem would be resolved soon and Wolfgang Gerhardt, leader of the Free Democrats, said a settlement was imminent. But government ministers are still arguing about where the money will come from.

St Catherine's Monastery & Petra

The recent opening of the 4-star Hilton Hotel in Nuweiba now makes it possible to combine the fascinating sites of St Catherine's Monastery, and further exploration of Sinai, with the 'rose red' city of Petra.

Our journey commences with a 3-night stay on Sinai's Red Sea coast at the Coral Hilton Hotel at Nuweiba. From here we pay a visit to both St Catherine's and the Coloured Canyon with time for relaxation before taking the ferry service to Aqaba and onwards to Petra for four nights.

Besides the 4-star Hilton at Nuweiba, accommodation has been reserved at the 4-star Forum Hotel in Petra. The journey concludes with a drive across the newly-opened border to Ovda (up to May) for the return flight to London Gatwick.

The Monastery of St. Catherine has attracted pilgrims since AD 537 when the Empress Helena, mother of Constantine, ordered the building of a sanctuary around the site of the Burning Bush. Its spectacular setting at the foot of Mt Sinai adds to the solitude and mystery of the site.

Petra was lost to the world after a change in well established trading routes but was re-discovered by the famous Swiss explorer Burckhardt in 1812. Since then, the area has become a magnet for generations of travellers wishing to see and experience a truly unique city.

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Jul 7, 14, 21, 28, 29
Aug 4, 11, 18, 25, 29, 30
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Santer firm on EMU timetable

John Palmer in Brussels

THE president of the European Commission, Jacques Santer, warned yesterday that the sacrifices involved in reducing budget deficits to boost growth and create jobs will be more painful, not less, if the single currency project fails.

He angrily denied that monetary union was to blame for the unpopular measures taken by governments to reduce their deficits.

"Since all over Europe these deficits threaten the social security of future generations, there is only one answer: tackle the fire. With or without Maastricht. With or without the single currency," he declared.

In an uncharacteristically passionate address to the European Parliament in Strasbourg, he went on to warn that abandoning the single currency might also have devastating political consequences.

"This is not the moment to call into question the cause of the single currency," he told MEPs.

"The failure of a project which is not only demanded by developments in the real world but has been solemnly enshrined in a treaty would be a very grave defeat, perhaps decisive for the European Union itself, with all that this implies for the future of Europe as a whole."

Mr Santer's affirmation of faith in the 1999 timetable for monetary union appeared primarily aimed at those in Germany and Britain pressing for a delay in introducing a single currency.

It followed a joint declaration by President Jacques Chirac and Chancellor Helmut Kohl this week urging new measures to stimulate economic growth and reduce unemployment in the EU.

Mr Santer said that without measures to curb deficits EU countries might have to spend up to 20 per cent of their budgets in loan interest, as Italy and Belgium were doing.

Referring to the EU's limited success in reducing unemployment, he said that a single currency would help job creation by eliminating currency speculation, reducing interest rates and financing costs, ensuring a more efficient use of investment, and reducing Europe's dependence on the US dollar.

Other EU governments hope to be given a clearer idea of what steps Germany and France want to boost growth and jobs when finance ministers meet on Monday.

One possibility is co-ordinated interest rate cuts throughout Europe.

Mr Kohl would also like to see trade unions and employers in member states negotiate a jobs pact giving more flexible working arrangements for lower working hours and commitments by industry and governments to expand worker training and education.

But if economic growth does not pick up as forecast later this year, the EU will have to choose between delaying the EMU timetable or interpreting the Maastricht treaty conditions for a single currency more flexibly.

G7 pressure, page 12

صحنه من الامل

News in brief

Mitterrand's family sue Paris-Match

FRANCOIS MITTERRAND'S wife and children launched a lawsuit against Paris-Match yesterday for publishing photographs of the late French president laid out on his bed hours after his death last week. Mitterrand's widow, Danielle, their two sons, and Mazarine Pinget, his daughter by his mistress, are also suing the late president's doctor for a "breach of professional oath". In his book Le Grand Secret (The Big Secret), published today, Dr Claude Gubler claims that Mitterrand lied about his health for most of his 14 years in power. The action against Paris-Match, brought under the French privacy law requiring a photograph to be subject's consent, concerns two pictures in this week's edition. Paris-Match denied the photographs were illegal, arguing: "They were clearly taken by one of the many people who were invited to pay their last respects." The publication in Paris-Match of extracts from Le Grand Secret, co-written by Dr Gubler and Michel Gonde, a journalist, sparked a lively debate. Doctors condemned Dr Gubler for publicly confirming that Mitterrand's prostate cancer had been diagnosed in November 1981, six months after he was first elected. But outside the medical profession there was widespread criticism of Mitterrand's decision to decree his cancer a state secret. It was only revealed in September 1992, after the first of his three operations. — Alex Duval Smith, Paris.

France opens up to allies

FRANCE is ready to discuss nuclear strategy with its Nato allies and move towards military reintegration with them. Last month it reversed decades of semi-detachment from Nato by agreeing to take part in meetings of its defence ministers. "France is ready to raise nuclear questions in the council," a Nato diplomat said yesterday, before a meeting of alliance ambassadors in Brussels today. President Chirac hinted that his government might even be ready to share France's nuclear arsenal with its Nato allies when he announced nuclear tests in the south Pacific last year. The shift towards closer military involvement in Nato — suspended by President De Gaulle in 1966 — has been welcomed by the US and other allies. — John Palmer, Brussels.

China curbs finance reporting

CHINA has imposed new curbs on the flow of economic information from foreign news agencies, slamming shut a door opened by Deng Xiaoping's 1979 economic reforms and threatening the fledgling financial sector. Citing national security, a cabinet edict said yesterday that foreign news agencies must submit to regulation by the government-owned Xinhua news agency, Xinhua reported. Last night the Vienna-based International Press Institute, which links newspaper editors and executives, issued a letter sent to the prime minister, Li Peng, voicing concern and urging revocation of the decree. The new legislation mandates punishment for information which "slanders or jeopardises the national interests of China". It prohibits Chinese customers buying economic information directly from foreign services and allows Xinhua to determine the subscription rates of foreign news agencies. Foreign services reporting on China's markets include Reuters, Dow Jones-Telerate and Bloomberg. — Ruter, Beijing.

Setback for Liberian accord

THE MILITIA at the centre of the latest fighting in Liberia said yesterday that it would not hand over its arms to African peacekeepers in accordance with a pact to end six years of civil war. "We are not going to give our arms to Ecomog (peacekeepers)," the warlord of the Ulmo-J militia, General Roosevelt Johnson, said. Gen Johnson said he would demand an amendment to the agreement to allow a Liberian military force to be established before disarmament. He said Ecomog, which fought battles with Ulmo-J guerrillas in western Liberia in the first week of January, had become a party to the conflict. — Ruter, Monrovia.

Sierra Leone's military leader toppled

SIERRA Leone's head of state, Captain Valentine Strasser, was overthrown yesterday and replaced by his deputy, the armed forces chief Captain Julius Maada Bio. The new leadership declared a dusk-to-dawn curfew and said all ministers should report for consultations. State radio said Capt Strasser, who took over in a 1992 coup, had been removed because he attempted to force his ruling council to pass decrees enabling him to stay in power. He has left the country. — Ruter.



Hostages write to relatives

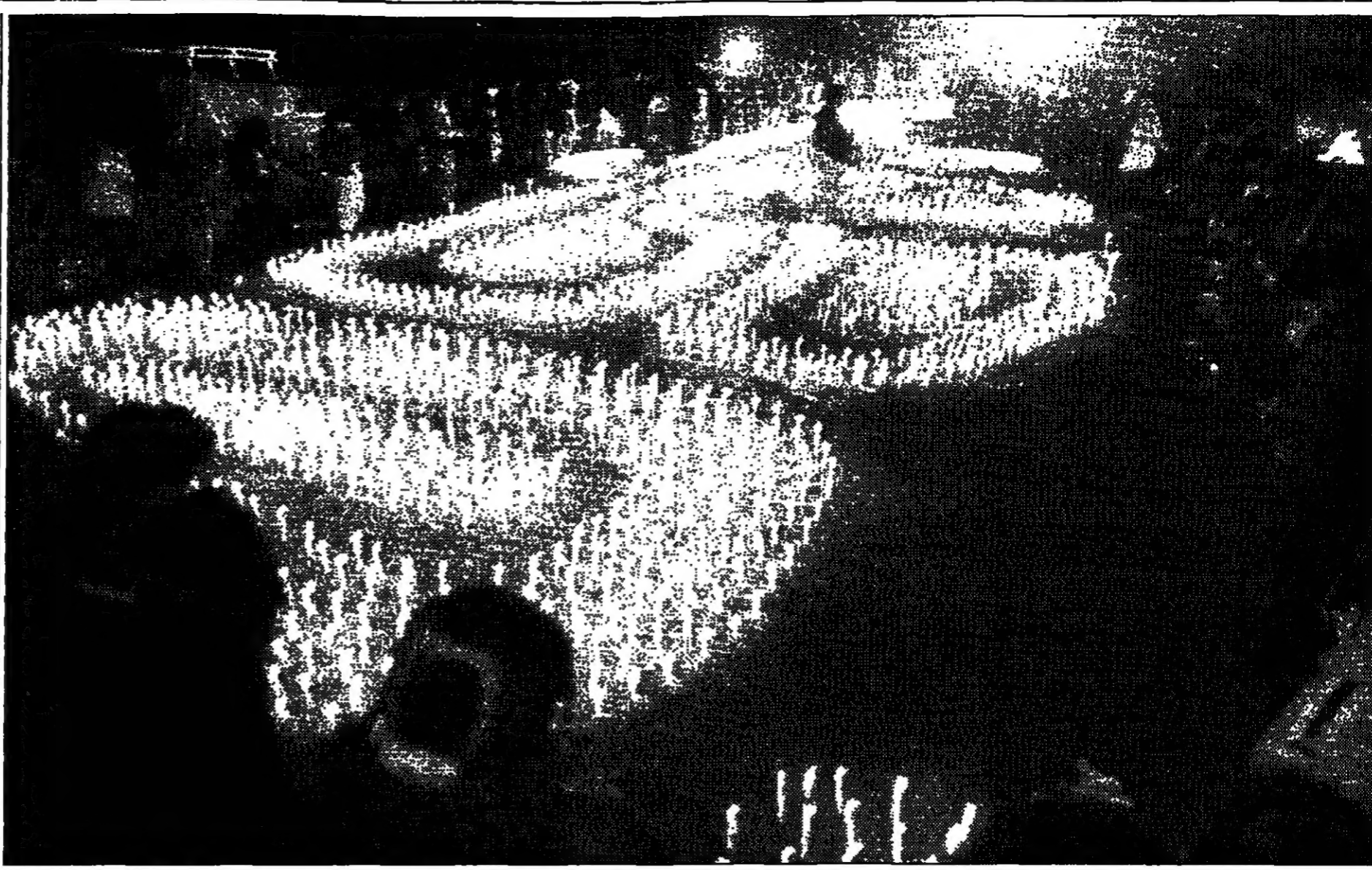
THE four British researchers being held hostage in the Indonesian province of Irian Jaya have been allowed to write home, an indication that their Free Papua Movement (OPM) kidnappers are in no hurry to release them. Indonesian television said yesterday that the Britons — William Oates, Daniel Start, Anna McIvor and Annette van der Kolk — together with the two Dutch people and eight Indonesians still being held had written to relatives saying they were in good health and asking for their release. Military sources said the rebels were divided, some wanting to prolong the crisis, others keen to free the hostages. Frank Momborg, the German wildlife researcher temporarily released on Monday, has undergone medical tests. Some sources said he was severely traumatised. He has not yet been returned to the hostages as promised in the deal between the Indonesian army and the OPM. Reports from Mampunda, the village the hostages are believed to be in, reveal that the rebels do not have the support of the villagers. Elders have apparently vowed that the 2,000 villagers will kill all the kidnappers if any of the hostages are murdered. — John Aglionby, Jakarta.

Killer saved against her will

THE life of a convicted murderer scheduled to be put to death in Illinois this morning was spared yesterday, even though she had asked for her execution to go ahead. The governor of Illinois, Jim Edgar, announced yesterday morning that he had commuted the death sentence passed on Guinevere Garcia for the murder of her abusive husband in 1991. Garcia had attacked human rights groups fighting to save her life, insisting that she was resigned to dying for her crimes. The 37-year-old former prostitute had already served a ten-year prison sentence for smothering her 21-month-old daughter. — Jan Katz, New York.

The team at Central Office has once again played into Labour's hand. Setting the agenda is half the political battle; and by week two stakeholding has become the agenda.

G2 cover story



Quake anniversary... Japanese pray around candles set out in a pattern of island for the 6,000 victims of the earthquake that hit the city of Kobe a year ago today

Indian politicians charged with graft

Suzanne Goldenberg in Bombay. INDIA'S political landscape was in upheaval last night after the federal police charged seven politicians, including leading figures in the ruling Congress (I) and opposition parties, with receiving bribes in an \$11 million corruption scandal. The police also sought permission from the supreme court to charge three cabinet ministers. The Central Bureau of Investigation's long-running inquiry into illegal foreign currency transactions looks ready to erupt into the largest political scandal for more than a decade — both for its financial scale and the involvement of so many politicians from across the spectrum. Last night the scandal claimed its first prominent victim when the president of the main opposition Bharatiya Janata Party, L. K. Advani, resigned his seat in parliament after learning that he had been charged. Mr Advani said the charges were "baseless and politically motivated", but he had decided because his party had opted to make corruption an issue in the forthcoming general election. Because the BJP had taken up the corruption issue, "the government has gone on the offensive, which is the best form of defence," an aide to Mr Advani, Deepak Chopra, said. Mr Chopra would not confirm news reports that Mr Advani would not contest the general election, expected to be held in April. The leader of the opposition in the northern state of Bihar, the BJP's Yashwanth Sinha, was also charged. The others include the head of the breakaway faction of the Congress party, Arjun Singh; a former Congress (I) minister, Kalpana Bai; a former cabinet minister, Arun Khan; the deputy prime minister in the short-lived Janata Dal government of 1989, Devi Lal, and his grandson, Pradeep Kumar. The scale of the scandal seems certain to have huge repercussions on the coming election. The BJP, the Janata Dal and Mr Singh's breakaway faction have repeatedly attacked P. V. Narasimha Rao's government for corruption — a stance that now looks unsustainable. The BJP has demanded a swift trial of the case, which has been under investigation for more than two years. The accused, who include 18 bureaucrats already facing prosecution, are alleged to have entered into the transactions on behalf of a powerful industrialist, S. K. Jain, and his brother, who were seeking favours and lucrative contracts from the government. If convicted, they face up to five years in jail. Investigators said the Jains, who are based in Madhya Pradesh, had kept detailed records of the transactions, which involved the movement of funds out of India without government clearance. Militant groups and the criminal underworld often resort to foreign exchange smuggling to hide their ill-gotten gains abroad, but a CBI investigator said this was the first time the agency had linked politicians to the practice.

Dhaka's date with democracy nears

Bangladesh is due for an election within weeks, John Burns in the capital reports. Bangladesh faces a deadline next week which could determine whether its five years of democracy will survive or yield to the autocracy, military rule and political violence that have been its lot for 15 of its 25 years as an independent country. The government of Khaleda Zia and the opposition parties have been at stalemate for almost two years in their negotiations on terms for a new parliamentary election. Under the constitution, the country must vote by February 22 — and closing day for nominations for the 300 parliamentary seats is January 18. Mrs Zia has twice put off the election since the parliament elected in 1991 ended its term in November. Senior members of the government have said they are ready to hold a poll without the opposition, a development that many fear could lead to worsening violence and intervention by the army. Several weeks of talks between Mrs Zia and her main political rival, Sheikh Hasina Wazed, mediated by the United States ambassador David Merrill, have failed to settle a dispute marked by street protests, general strikes, bombings and perhaps a score of deaths since the opposition walked out of parliament in March 1994. This week Dhaka and the country's other main cities, including the port of Chittagong, were virtually shut

Top-level talks dash hopes of East Timor breakthrough

East Timor talks in London yesterday failed to address the crucial issue of sovereignty, despite earlier hopes of a breakthrough in the search for a solution to the 20-year-old conflict. The UN secretary-general, Boutros Boutros-Ghali, chaired a seventh bi-annual meeting on the issue but apparently found little room for manoeuvre between two governments which do not yet seem ready to compromise. Negotiations began in 1992. Indonesia's foreign minister, Ali Alatas, said the talks had been constructive and that "substance" had been discussed about "a possible framework for a solution". Asked whether self-determination had been discussed, Mr Alatas said: "From the very beginning the purpose of these talks was to find something that is neither the basic position of Portugal nor of Indonesia. If you keep on these basic positions nothing is negotiable." "Substance" means ultimately the political status of East Timor, invaded and annexed by Indonesia in 1975. This is still not recognised by the UN. Between 7,000 and 10,000 Indonesian troops are fighting about 200 rebels seeking independence in East Timor in a sporadic war. As the talks got underway, Amnesty International said the human rights situation there remained "critical".

High-level talks on East Timor

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Security alert in Jerusalem as settlers threaten poll

Derek Brown in Jerusalem

TWO thousand extra police will be deployed in Jerusalem on Saturday as Palestinians go to the polls to elect a new self-rule council. Security has been beefed up after threats by Jewish militants to disrupt the election, which they say undermines Israel's claim to sovereignty in the city. Aryeh Amit, the Jerusalem police commander, told Israel Radio last night: "We suspect that we shall have some problems from rightwingers on one side, and Hamas on the other side." Hamas, the militant Islamist movement, has urged Palestinians to boycott the election, but has said it will not try to disrupt polling. The main risk of confrontation comes from the Israeli nationalist right which, like Hamas, bitterly opposes the self-rule process. Rightwing groups have called on their followers in Israel and in the Jewish settlements in the occupied West Bank to gather in the city on Saturday. Aharon Domb, a settler spokesman, denied yesterday that anything illegal was being planned. "All the activity in Jerusalem was co-ordinated with the police and approved with the aim of minimising the number of possible confrontation points," he said. Protests are expected in several locations, culminating in a huge prayer meeting at the Western Wall, the focus of Jewish faith, in the Old City. Unlike the electoral districts in the West Bank and the Gaza Strip, where Palesti-

Israelis shot near Hebron

TWO Israelis were shot yesterday, apparently by Palestinian gunmen, in the West Bank town of Hebron, security sources said. The sources said the attack took place at a junction on the road to the Israeli settlement of Kiryat Arba, near Hebron. Israel Radio said the two were soldiers. The army closed the area, and said it was checking the report. Relations between Israelis and Palestinians in the Hebron area are extremely tense. Hebron is the only big Palestinian town from which Israeli troops have not withdrawn. Israel is scheduled to pull out of the area in March. — Agencies. Palestinians will vote in hundreds of schools and other public buildings, polling in Jerusalem will take place in five post offices. Israel insisted on separate arrangements to reinforce its position that Jerusalem must stay united under Israeli sovereignty. But Palestinians say some voters will have to travel many miles to reach the post offices. Four of the five are very small, and with an average of 10,000 registered voters per post office, long queues are likely. Faisal Hussein, leader of the Palestine Liberation Organisation in Jerusalem, accused Israel yesterday of increasing the risk of violence by insisting that the post of-

Republicans carve out an à la carte budget

Martin Walker in Washington

THE US budget battle is about to take an extraordinary turn into uncharted constitutional waters as the Republicans prepare an à la carte budget funding only the programmes they want. In the justice department budget, for example, they have drafted legislation that funds the FBI and the Drug Enforcement Agency. But they earmark no money for the civil rights division, which brings legal actions to enforce race and sex discrimination laws. Staff and congressmen on the House appropriations committee are breaking down the \$1,500 billion government budget into individual programmes, and plotting to starve to death the ones they do not like. The first target was President Clinton's Americorps programme, a domestic version of the Peace Corps, swiftly followed by the National Endowment for the Arts and the Public Broadcasting Corporation. "Those aspects of the federal government that have a broad national mandate will be covered, but not those programmes that are supported



John Kasich: Attacks Clinton school curriculum

only by a narrow minority of the left," said Tony Blankley, spokesman for the Speaker, Newt Gingrich. He went on to list whole swaths of traditional government that are to be eliminated. These include all the department of labour's activities except its data-collection, all the planning functions of the housing department, and everything about the department of energy except its stewardship of the nuclear stockpile. Every Republican is offering up his own private bugbear for sacrifice. The Republican whip, Tom DeLay, has

targeted condom hand-outs, while the budget committee chairman, John Kasich, has picked President Clinton's attempt to shape a school curriculum for basic education in our power to make sure the entire commerce department of money, except for the national weather service and the census bureau. Justice department funds for community policing have already been abolished. The whole education department budget is under threat and the Environmental Protection Agency will be unable to pay for inspectors to enforce air and water purity rules. Mr Kasich said: "We are going to fund programmes that we think are important. And we are not going to fund programmes that we do not think are important. We think that will put pressure on the president." The White House has vowed to veto any bill which would plunge the government back into the partial shut-down which arose from the deadlock between president and congress. But this is an issue with constitutional implications which could yet go to the supreme court. Congress's attempt to pick and choose among programmes could be seen as an infringement of executive responsibilities.

In search of a big idea
Can London give meaning to the millennium?

THE MILLENNIUM Commissioners who meet today to decide the site of the proposed Millennium Exhibition due to open on January 1, 2001 should thrust sentiment aside by choosing London. By the time it opens on January 1, 2001 it is expected to cost £300 million half of it coming from the National Lottery.

wards of 25 million visitors? One of the reasons why London is to be preferred is that capital cities are dynamic elements in economic growth. A report published yesterday by the Greater London Group at the London School of Economics argues that Britain as a whole gains from a concentration of economic activities in London.

Prepare for a hollow victory

Yeltsin will pay a political price for his actions in Chechnia

THE OUTCOME of the battle for Pervomaiskaya is hardly in doubt: given their overwhelming strength, Russian forces are bound to take this bleak village, or rather what is left of it by way of shattered lives and buildings.

Russian city of Budyonovsk. Now after the Chechen seizure of hostages in Dagestan, followed by still more hostage taking in Grozny and on a ferry in the Turkish port of Trabzon yesterday, Yeltsin really had very little choice: he could not let the Dagestan raiders regain their hideouts in the hills of Chechnia unless they let go of their prey.

When yellow and green don't go

The Newbury LibDem MP's support for the bypass is odd

ASK most people which is the greenest of the three main political parties and the chances are that they will choose the Liberal Democrats. Not without reason, either. The LibDems pride themselves on their consistent concern for the environment and regularly denigrate their opponents for having skin-deep or non-existent green credentials.

ing the demand for — that's right — more roads." Protecting the environment, he said, means changing habits we have taken for granted for years. This does not necessarily mean that the local LibDem MP David Rendel is wrong to support the controversial Newbury bypass scheme, of which he is such an energetic proponent. It is certainly possible to argue that, while new road schemes in general are undesirable, the Newbury scheme is an exception.



Letters to the Editor

Moral of Dr Tate's tale

NEARLY 30 years ago, a novice teacher entered Form 4N at De La Salle College, Sheffield, and introduced himself with the unforgettable words: "My name is Tate, spelled T-A-T-E." One of the pupils blew a raspberry and simultaneously blew away any credibility Dr Tate thought he may have had.

right, how surprising then that sometimes teachers find it hard to tell pupils what is good and what is bad. Mike Leaman, 7 Brooklyn Avenue, Loughton, Essex IG10 1BL.

Arthur Scargill's new party will sort the pinks from the reds

MOST of us old middle-of-the-road Labour voters would agree with the general thrust of your leader (January 15). While we have invariably considered Arthur Scargill's proclamations to be honest, but foolish, we are now finding young Tony's utterances are a cause for concern.

SCHOOLS, we are now being told, should teach the difference between right and wrong, preferably through religion. Those who are demanding this seem unaware that there has never been any consensus as to what the difference is. As long ago as the 5th century BC, Plato pointed out that either what is right is right because God says it is right, or else God says it is right because it is in the former case "that is right" meaning no more than "God says that is right", and in the latter case religion presupposes morality.

DOES anyone believe that kids take notice of teachers' moral lectures? Morality cannot be taught, it must be learnt. And you cannot learn morality by watching most adults — teachers and curriculum advisers included. As any Summerhillian will tell you, morality arises from life, not lectures.

OUR generation saw as young adults the birth of the welfare state. We expected life-long care. We believed, too, that the means test had been consigned to limbo. We did not run a car and chose to let a room in our house, so our capital and income put us just over the means-tested benefit point.

La traviata

AS THE gentleman who unwittingly talked to your reporter in the Royal Opera House last night, I should like to dispute a couple of her inaccuracies (A fright at the Opera, January 11). Firstly, we gave her more accurate information than we probably should have about Andrew Pollok's whereabouts.



A new pub tradition is born

NINETEEN-eighty-four has reached the Harvesters Inn in Ban Pudding, which owns the chain, dictates to its bar staff at what volume the piped music should be played, depending on the time of the day and the day of the week. The music is, of course, chosen by Bass FQ.

THE danger for Tony Blair is that there will now be not just an alternative focus for left-wing parliamentary organisation but also a credible examination of his policies from the left, something which has until now been successfully crushed within the Labour Party.

A veritable mine of information

GEORGE MONBIOT (Indonesia) exploits remote land that the world forgot. January 12) restates misinformation which distorts the reality of Freeport's mining activities in Irian Jaya. In the late 1960s, when Freeport first arrived in the area of the present Grasberg mine, no one lived at the high altitude (11,000 feet plus) mine site, and only 400 lived in the corridor between the mine and the coast, some 75 miles to the south.

A Country Diary

LITTLE HEATH, BERKSHAMSTED: The oak's lower rib must have cracked and slewed down to an almost horizontal position during one of the late autumn gales. It was on one of the self-sown hybrids between sessile and pedunculate oaks that are quite frequent amongst the older groups of trees on our common. But far more remarkable was that its entire upper surface was matted with lichens, a real thick West Country quilt of them. I went not to see many ostentatious lichens on trees this far north in the Chilterns, except for a few rosettes of the foliose kinds — and then chiefly on ash trees. But this oak branch had a full suite. There were at least four Parmelia species, including one I couldn't place which had the mixed russet and orange colouring of a fading wine stain, dozens of shrubby oakmosses, Evernia prunastri, with its meaty-green strap-like branches; even several tufts of a beard-lichen (Usnia

RICHARD MABEY

Handwritten text in Arabic script at the bottom right of the page.

Diary
Matthew Norman

I AM distressed to learn that an old royal rumour is circulating once again: it is the one about Prince Andrew being sired by Lord Forchester, the son of the Queen's racing manager, and possibly in a stable. We experts, or "royal watchers" as we prefer to be styled, seldom dignify such foolishness with comment (Nigel Dempster did speak of it once in America, it's true) but he has yet to share it with his British audience. However, this case demands a different approach, since the catalyst for this malicious gossip is the fearsome Kitty Kelley. Her royal biography is expected very soon, and is thought to contain not only the Andrew paternity puzzle, but several other bombshells as well. A Douglas monar-chist, the Diary can stand idly by and watch the mystique of our royal family be imperilled by an American scandal-monger. I have therefore decided to launch a pre-emptive strike, by making Poison Pen: The Unauthorised Biography Of Kitty Kelley the new Book of the Month. In the weeks ahead (and with Her Majesty's tacit approval), extracts highlighting Miss Kelley's relationship with the Diary will appear, serving to defuse her most explosive missiles before she attempts to detonate them. It is, Ma'am, the very least we can do.

AFTER a series of burglaries, a strongly computerised Intrusion Technology put in a "smoke cloak" alarm — a device that fills the building with smoke when activated — on the advice of their insurers. The system has been a tremendous success: although it overheated on its first weekend of service, setting several buildings ablaze and causing severe damage to property and stock, not a single item of stock has been stolen since it arrived.

HOWEVER bleak the economic indicators, one industry that never suffers is the Kray industry, and soon to be published is the 17th book on the twins. The Barmald's Tale by Mrs X. Mrs X (then, perhaps, Miss X) was working at the Blind Beggar the night George Cornell called Ronnie "a fat pig" an impertinence for which he paid the ultimate price. The book is not, apparently, exclusively concerned with what Mrs X saw — and luckily so, since it would in that event be the slimmest volume since the Swiss-Candian joke book. Worryingly, it seems that the resources of potential authors with strong Kray connections are becoming depleted. The next blockbuster is expected to be Hats Off To The Twins! (They Only Done It To Their Own), by Jack McVitie's milliner.

TWO months after students soaked them with paint, Brian Mahoney and Alan Duncan have finally got round to putting in their expenses for their ruined suits. The Tory chairman has claimed a modest £200 for his whistle, while Little Duncan (deputy head of paperclips at Central Office) has put in for £1,000 — a sharper disparity even than it seems, since the Duncan suit can barely have required half as much cloth.

FROM Prison Service News, there comes a timely reminder that the prison system has its humane side after all. In a vox pop asking "screws where should they work, and why," Mark Plummer dreams of a job in a Saudi Arabian nick, "as they still have corporal and capital punishment." Robert Taylor goes for Singapore, because "they put people in prison as a punishment"; and Andy Colthup is one of several to plump for America, "as the prison regimes are much tougher, and prison officers all carry guns". Those three gentlemen are invited to contact Michael Howard, who is making an early start on his next Tory conference speech.

COCA-Cola has been forced to withdraw several thousand advertising posters distributed all over Australasia after both a fungus and a wide open mouth were discovered hidden in the artwork.



Only basket cases need apply

Commentary
Will Hutton

BRITAIN may be a global power with global interests, as the Conservative right like to boast — but that cuts no ice with the Government when it comes to development aid and assistance. The aid programme, emasculated over the Conservative years, is now set to shrivel further. The details of the Fundamental Expenditure Review of the Overseas Development Agency (ODA), in the hands of the Guardian, show that the government now plans to offer only limited aid to some 20 of the world's poorest countries — and in the long run even that greatly scaled-back commitment may be under threat. Without rising contributions to the EU and the existing commitment to the World Bank, which in any case the review says should be wound down if possible, Britain's aid effort would in effect become little more than poverty relief and technical assistance for basket cases. The systematic attempt to aid the less developed countries

mounted since the war would in effect be abandoned. This year's review of public spending was billed as "exceptionally tight", involving "tough decisions" — but the phrases have been degraded by over-use that few believed it. But this year really was different. Already it is public knowledge, for example, that the prison service and the BBC World Service are facing a degree of stringency that menaces their effective functioning; now the ODA can be added to the list of lambs sacrificed to the altar of a 20-per cent standard rate of income tax. The fundamental review, agonising enough, had been based on the pre-budget figures; now November's cuts more than warrant its pessimism. Britain's aid budget is an obvious target for public expenditure savings. The beneficiaries do not vote in Britain; the benefits are diffuse; and New Right theories of economic development argue that aid, rather like welfare, at best is ineffective or at worst generates a culture of dependency. Private investment is a priori better than any public investment or assistance; and it is only through the private sector and marketisation of their economic and social spheres that underdeveloped countries can make any progress under intolerable strain; hence the crisis. The authors of the Fundamental Review do their best

to keep both Britain's aid programme and its rationale — ranging from humanitarian to hard economic arguments — alive. They dispute New Right theories of growth, arguing that aid has produced more than respectable results — and that bilateral aid, when Britain gives a recipient country assistance directly, has an excellent track record compared with other developed countries' aid programmes. Moreover, aid has powerful beneficial feedback effects on the British economy: witness the troubling of British exports to Ghana between 1984 and 1983. In any case Britain, as a major trading nation, has an important interest, they say, in the avoidance of political instability arising from extreme poverty across the world — a billion people still live in conditions that are absolutely indefensible. YET, says the review, the reality has to be faced that Britain's aid budget is so constrained that bilateral assistance to most countries now falls below critical mass. The government has to respond as a company would under such pressure: focus on specific areas. Infant mortality, literacy and poverty are worst in sub-Saharan Africa and South Asia — India, Sri Lanka, Bangladesh and Pakistan; and Britain should aim to concentrate 85 per cent or more of its aid on 20 countries in these two regions and forget the rest. In the Caribbean, Latin America, the rest of Asia and the Pacific the aid programme, say ODA sources, will in the long-run be run down completely. But the politics of aid suggest sub-Saharan Africa and South Asia can expect a similar fate; even under existing plans their aid budgets are falling. They have no strong domestic constituency fight-

ing for them: there are few great export industries that can expect new orders "tied" to British aid acting as a lobby. Indeed with the government convinced, rightly, that the effort should now focus more on building up education, health and government structures rather than the massive dams or power stations of old, there are less likely orders to be won. By the early years of the next century, unless policy changes, we can expect very little bilateral British aid at all. Yet bilateral aid, aside from its intrinsic usefulness to the recipients, is important in extending Britain's influence both internationally — and within the multilateral institutions like the EU and the World Bank. A bilateral aid offer can trigger EU or Bank aid on British terms both in terms of programme design and criteria to the UK. But with Britain winding down its bilateral trust funds with the World Bank, that is a game that in future will only be played by the Japanese, French and Germans. The idea that instead, Britain should itself be influencing the policies of the World Bank, UN or the EU without the financial leverage of bilateral aid, and simultaneously try to cut back on its multilateral contributions, is for the birds. There remains, however, the larger question. Is the quest for a 20-per cent standard rate of income tax a matter of such overwhelming import that not merely the universal welfare state but home but Britain's aid effort abroad should be progressively de-augmented? In a NOP opinion poll only 11 per cent of respondents thought that the government should spend less than the penny in the pound on aid. But if no political expression is ever given to that voice, the British should not be surprised at the choices allegedly made in their name.

Martin Woollacott calls for curbs on the mayhem of 'small wars' like the Chechen conflict, while below David Hearst explains the Russian military embarrassment

A war without rules



THERE sometimes comes a point in war where one or both sides ceases to fight to win and begins to fight simply to wound and rend. That point has been passed in Chechnya, and passed by the Chechens rather than by the Russians. The world needs to match its dismay at Russia's harsh methods with a condemnation of the ill-judged means with which the Chechens are pursuing their cause. Do the Chechens want to stand with the Algerian extremists, the Lebanese hostage takers, the Palestinian occupiers of Israeli schools, or those responsible for the Lockerbie crash? The Chechens raid into Dagestan may have begun as a military operation, with a Russian base as objective, but it ended in hostage-taking for its own sake. The attempt to secure

political gains by threatening to execute the hostages, or by creating the conditions in which the hostages were likely to be killed, morally the same thing, became its purpose. Even if the Russians invented the story about the kidnapping reportedly under way, and more threatened by the Chechen president Dzhokhar Dudayev, it also threatens to degrade still further the conduct of operations in Chechnya itself, with all ethnic Russian civilians in the territory, most of whom have always lived there, perhaps coming to be seen as targets. The argument that the weak have no choice but to use the weapons available to them is always produced in these cases. But moral considerations touch both the stronger and the weaker sides. Shamal Basayev, the leader of last June's assault on the Russian town of Budennovsk, model for the present tragedy, was asked recently whether there was any act against the Russians he would not commit, if he were certain it would lead to independence. According to the account of the interview in Keston News Service, "he failed to name any". Basayev also suggested that ordinary Russians, like those he captured and killed at Budennovsk, were as guilty as Moscow leaders because they had failed to protest

against Russian policies. The argument that civilians are fair game leads in all wars to the worst excesses. Chechnya is far from the only instance where the intransigence of both sides and the impossibility of a clear military outcome means that the most terrible violence can be perpetrated without affecting the odds on the final result or shortening the conflict. Thirty or more small wars afflict the planet. Most are internal affairs. Some are struggles where, as in Chechnya, the central regime has basically won but has not got the means or the wit to complete the victory. We need rules for these half-wars. Only the slow evolution of the military and political balance, and of the mentality of the peoples involved, will ever bring them to an end. In the meantime, some protection for ordinary folk who may have to live out a good portion of their lives in the shadow of these conflicts, is vital. The Red Cross and other bodies now recognise the urgency of getting a structured rules and procedures in place to cover these fights, to which the Geneva Convention does not apply. Recognition of certain limits in this kind of war is critical, because the escalation of the means of wounding the enemy proceeds apace. On the side of government forces that takes us to indiscriminate bombardments of cities and towards genocide. On the side of rebels the temptation is to carry the war to the enemy by striking at people distant from the theatre of conflict, or at the enemy capital. At one end of that spectrum are raids like that on Budennovsk and Kizlyar. At the other is Semtex in Moscow, or worse: nerve gas, or the nuclear bomb in a suitcase that is now available, a not-inconceivable option. War is too red-eyed and angry a force to be tamed by rules or by world opinion. Yet rules and world opinion have frequently affected it, and can sometimes prevent the worst. The picture in Chechnya is a terrible one. On the one side are Russian forces, ill-trained, over-equipped, plagued by rivalries between different units and commanders, and undoubtedly responsible for the deaths. They have half won the war, but through both military and political incompetence, cannot make a peace. On the other are Chechen fighters, who seem ready to target Russian civilians as a means of continuing the fight. Both deserve censure and to be reminded that this is not only their war, but ours as well, since its effects, in oblique but unpleasant ways, can touch us all.

Dark days for yesterday's heroes

IN ONE blitzkrieg of a day in December 1979, the Soviet Union's crack KGB and army paratroopers captured the airport in Kabul, the Afghan capital, creating a bridgehead for invading troops; then they stormed a presidential palace defended by hundreds of troops and killed its occupant, Hafizullah Amin. Today the same units, backed by tanks, helicopter gunships, ground-attack aircraft and artillery, have taken two days to capture a village in the North Caucasus, defended by 200 Chechens armed only with portable weapons. Wave after wave of "crack" troops have gone into Pervomayskaya — and wave after wave have been beaten back. Has concern for the fate of the hostages hinted the Russian bayonet? Apparently not. The Pervomayskaya operation has been conducted in full view of the cameras, which have

recorded what everyone feared — artillery barrages and tank fire flattening the school roof where some of the hostages were being held. The press spokesmen have been aping the language of the Gulf war and the Bosnian crisis, where Nato briefers displayed film of their surgical strikes; but the Chechens are an attack more akin to the first world war is before the public's eyes. The Russian consumer of news has become so conditioned to expect a disaster from an operation carried out by its government that the instinctive tendency yesterday was to believe the Chechens, when they denied executing two of their police hostages on Sunday, the alleged pretext of Boris Yeltsin's order to storm. How has the might of the once-feared Soviet army fallen so low? The reasons are an object lesson for those Western strategists who advocated the dismantling of everything connected with the Soviet Union, only to bemoan Yeltsin's lack of executive power and the rise of a nationalist opposition. The two are linked. The Soviet Union could offer its best and brightest soldiers something more precious than training, ordnance, and with them the available equipment — ideology. It had ceased being Marxist-Leninist, but it had a clear concept of the Motherland. The Union had its patriotic, and with them a coherent concept of national security. The borders of the Union made sense to those sent to guard them. For today's troops, Chechnya or even Dagestan do not feel like Russia, even though both national republics are inside the Federation's borders. But Crimea, the base of the Black Sea fleet, and large parts of Ukraine and the

whole of Belarus still "feel" Russian, though they are now foreign countries. The post-Communist map makes no sense to them. A poor case has been made, in their minds, for a bloodless conflict on Federation soil since the second world war. Yeltsin and his first government of radical democrats armed Dzhokhar Dudayev, the rebel against him when it was too late. Most Russian troops who meet in Chechnya agree with their enemies. This is not their land, and not their war. Still less do they respect a commander-in-chief. In their president who stopped them finishing off the job when he had Dudayev's forces holed up in their mountain stronghold in April last year. Moscow policy has vacillated between rash cavalry ad-

Days of hope and glory and backstabbing



David McKie

FIRST, an apology. Michael Foot described Norman Tebbit not as a "semi-trained polecat" but as a "semi-house-trained polecat", which was what I thought I had written last week (till the telephone started to ring. Goodness knows what became of the house. Repossessed, I assume. A reference to Ernest Bevin hearing someone say that Herbert Morrison was his own worst enemy, and reporting, "not while I'm alive, he ain't", has also been challenged. Some say this was Bevin speaking of Bevan rather than Morrison; some think it was Attlee of Bevan (in which case you have to replace the "ain't" with an "isn't"). Others mentioned as contender or contemnee include Dalton, Crossman, and Cripps. Pick virtually any pair and you could be right.

In a week when a minister (Alistair Bury) writes to the Times to condemn the views of his former leader, while other MPs use a Finance Bill debate to try to settle One-Nation scores, that's a useful reminder that throat-grabbing feuds among close political colleagues were not invented by the present regime. Almost everyone now looks back to Attlee and his government as among the greatest successes this century — the only other contenders being the Campbell-Bannerman Liberals. And with achievements to their name like the NHS and the independence of India that accolade is hard to withhold. But it can't have been how it felt at the time. It's almost impossible now to comprehend how a government could have withstood the problems which fell upon Attlee in 1945-47. The King's Speech debates at the start of the session produced two huge backbench rebellions. Some 60 MPs — including Foot, Crossman, Nye Bevan's wife Jennie Lee and the young Barbara Castle — tabled an amendment attacking the whole direction of foreign policy for getting too close to the US. Sixty to 70 abstained when it came to the vote. There were 72 Labour votes on second reading against the Government's Bill for peacetime conscription. By then a cruel winter, compounding previous shortages, had led to emergency measures which shut down the whole of productive industry, putting two million out of work, turned off domestic power for five hours a day, silenced the BBC Third Programme, still further emaciated the thin little news-

papers, switched off the street lights and closed down rail passenger services. A ferocious economic crisis in the summer led to a barrage of fresh privatisations, including a cut in food rations, especially meat — a ban on all foreign travel for pleasure, and abolition of the basic petrol ration. Backbenchers alternately gunned for each other, and for Attlee. In the spring of 1947 George Brown warned Dalton, to whom he was PPS, that during late-night sittings the lads were clamouring for Attlee to go. A bizarre attempt at a coup began in the autumn, when Cripps and Dalton told Morrison, the deputy leader, to tell Attlee it was his duty to make way for Bevin. Morrison was affronted; not because he thought that Attlee should be preserved, but because in his view the man to take over wasn't Bevin, his old antagonist, but himself. Yet throughout all the misadventures of 1947, the Conservative lead on the polls never rose above five per cent. Even the 1948 evaluation, a coup by Cripps and Dalton told Morrison, the deputy leader, to tell Attlee it was his duty to make way for Bevin. Morrison was affronted; not because he thought that Attlee should be preserved, but because in his view the man to take over wasn't Bevin, his old antagonist, but himself. Yet throughout all the misadventures of 1947, the Conservative lead on the polls never rose above five per cent. Even the 1948 evaluation, a coup by Cripps and Dalton told Morrison, the deputy leader, to tell Attlee it was his duty to make way for Bevin. Morrison was affronted; not because he thought that Attlee should be preserved, but because in his view the man to take over wasn't Bevin, his old antagonist, but himself.

THAT wasn't because the people were out of the picture. Their privatisations were all too real, and the squabbling all too open. On the other hand, the government's torments weren't rammed down the voters' throats every 10 minutes. The TV news barely mattered. The radio news was trampled, cautious, restrained. The newspapers, constrained by new print restrictions which the economic crisis tightened, had little space to deploy. But other factors must have weighed even more. An electorate more accustomed, after the war years, to enduring more instinctively loyal, less swayed by short-term factors, that — unlike the shop-around voters. And an electorate, perhaps most crucially, which had voted Labour in '45 out of positive hope and commitment, where in '52 the electorate voted holding its nose, well aware that the Tories had held power too long, but fearful of the alternative.

To return to Bevin and somebody's own worst enemy; that somebody might well have been Morrison, whom Bevin used to heckle cruelly in Cabinet, and of whom he warned those who would listen: "Don't believe a word that little bugger says." But Alan Bullock's three-volume life of Bevin says that the target was Bevan, and that Attlee was there, and loved to recall it. Before such a source, all others must bow.

The Open University logo and text: "Study for a BA or BSc degree." Below is a form for sending a free guide to BA/BSc degrees NOW, with fields for Name, Address, Postcode, and Tel. It also includes a note about the guide being published in January 1996 and a phone number: OU Hotline: (24 hours) 01908 379199.

Kaye Webb

Young readers start here



The Puffin Song

There is nuffin, nuffin like a Puffin Nuffin like a Puffin book to read (yes indeed) For a Puffin's so exciting It's the finest kind of writing Yes a Puffin's just the kind of read you need

ONE OF the most dynamic, yet least likely, literary gurus of our time was Kaye Webb, who has died aged 81. Effervescence, creativity, and dedication to giving the young what she called "the experience of books"...

Above all, she "humanised everything" by, in 1967, founding the annual exhibition, and Colony holidays and activities put her in direct contact with the tastes and interests of children of all kinds...



Kaye Webb... her vivacious coaxed conjured miracles from a low budget

PHOTOGRAPH: JOHN WILDGOOSE

Frank Quinn

Career carved in English

IN 1948 I was Principal of Ruskin College when I received a letter from Willesden Educational Authority saying that a man had applied to them for a grant to study English literature at the college... Career carved in English



Edmund Happold... engineer of elegance and intuition

Professor Sir Edmund Happold A constructive success

EDMUND Happold, who has died aged 86, was revered for his pioneering work on building structures, especially lightweight structures and grid shells. He was also an inspiring teacher who brought about innovative constructions of the highest quality...

Friends, catholic in the breadth of his learning and enquiry and a deep-dyed Yorkshire countryman for all of his life. He went to Leeds University and then to Severndale, Elstall and Kruger in New York, where he worked on...

the light flowing, asymmetrical grid shell which spreads across the top of the garden exhibition at Mannheim. In 1976 he established Buro Happold in Bath with partners Ian Liddell and Michael Dickson...

of Bath, and together with the professor of architecture served on an alternate basis as head of the School of Architecture and Building Engineering. The combination of these two disciplines and the quality of the work produced...

Industry Council, the only body devoted to encouraging co-operation within the construction industry. In recent years Happold, in collaboration with the architect Richard Burton, designed a woodworking shop for furniture-maker John Makepeace...

Birthdays Muhammad Ali, former boxer, 54; Sir Edward Fensholt, radar pioneer, 84; Monica Furlong, writer, 86; Caroline Hodge, president, Open Door International, 88; Prof Ann Oakley, sociologist and writer, 52; Vidal Sassoon, hair stylist, 68; Moira Shearer, writer, actress, ballet dancer, 70; Audrey Slaughter, editor and novelist, 66; Clyde Walcott, chairman, International Cricket Council, 70.

Death Notices

HAPPOLD, Edmund (Ted), distinguished engineer and most beloved man, died in 1996. He had a Memorial Service for his 86th birthday on 15th January at 2.00pm on Wednesday, 17th January at 2.00pm at Eton House, Eton Road, London. NEAL, one of the most beloved husbands of Miriam died peacefully on 10th January 1996. Family and friends welcome.



Jackdaw

IF YOU GO to a small town like Da Lat in Vietnam you will find local bands who speak no English playing note-perfect versions of Hotel California by The Eagles. Conversely, one of the most accomplished singers of Vietnamese music in the world is a young blonde woman from Muncie, Indiana, who doesn't speak a word of Vietnamese, but reproduces the sounds melodiously. What this suggests to me is not only that culture can begin to heal the wounds politics creates, but also that all of us in the age of world music are wily-nilly citizens of the world. In a

post-natal order, none of us need find Mall any more alien than Manhattan. With all of these changes happening at the speed of light, it's not hard to see the prospects for darkness beginning to gather in the shadows. I suspect that all of us feel very acutely the danger of Madonna CDs in Tibet or Kentucky Fried Chicken parlours in Beijing. But homogeneity is not one of those dangers. The Kentucky Fried Chicken outlet in Tiananmen Square is as Chinese in its way as the Meo Zedong mausoleum around the corner, but emblematic of new China, is more open and more hospitable to outside influences. All of us are heir to opportunities, openings and possibilities that were scarcely imaginable to our grandparents. Ours is the first generation that can jump on a plane today and more or less be in Tibet tomorrow. Ours is the first generation that can walk down the street and meet Tibetans in our midst. And so, if ours is the first generation that can confront

Tibet with our videos and our images and our ideas, it's also the first, really, that can begin to share with Tibet the benefits of our progress. And — best of all from our point of view — can learn from Tibet. Pico Ayer, a British-born writer brought up in California by Indian parents, speculates on the pros and cons of global culture in the ITN Reader. Salvation news Even in a secularised society, it is not to be assumed that "salvation" has no meaning. Quite the contrary: much of modern literature, not to mention many of the television "soaps", are about salvation, trying out various versions of it and often rejecting them as inadequate. Science A dualism of body and soul, such as is associated with the philosopher René Descartes, has become an increasingly difficult position to hold in the 20th century... The final fullness of the universe puts in

question any ultimate recourse to evolutionary optimism. Male saviour The question is now bound to be asked whether a male saviour can save women... This may be the sharpest form humans have found yet of the paradox of Christ as both particular human being and universal saviour. Hell Christians have professed appalling theologies which made God into a sadistic monster and left searing psychological scars on many... Hell is not eternal torment, but it is the eternal and irrevocable choosing of that which is opposed to God, so completely and so absolutely that the only end is total non-being... Those who make such a choice choose against the only source of life, and they have their reward. Whether there be any who do so choose, only God knows. Heaven Human destiny in heaven will not be the attainment of an eternal and static perfection,

but rather an everlasting participation in the exploration of the inexhaustible riches of the divine nature. Extracts from The Mystery of Salvation, last week's report by the Church of England's Doctrine Commission. Reproduced in the Church Times. Cyber war INTERNET junkies in suburban Maryland were the first to notice that something had gone horribly wrong. Local computer users trying to log on to the global communications network found it impossible to get a connection. Those already connected watched helplessly as their computer hard-drives became clogged with streams of e-mail messages containing 10,000 lines of garbage at a time. Meanwhile, managers running large information sites on the World Wide Web, a popular multi-media section of the Internet, saw their big server computers grind to a halt after being overwhelmed by tens of thousands of simultaneous requests for data.

Only hours later did engineers at the telephone companies, defence laboratories and universities begin to suspect that the streams of data traffic swamping the Internet connections on the east coast of America were no accident. The tell-tale sign was the way the packets of data flooding the network kept changing their originating addresses. All that could be surmised was that the malevolent data were coming from somewhere in Eastern Europe. Days afterwards — when the lights had gone out, the telephone lines had jammed solid, trading on the New York Stock Exchange had stopped, automated teller machines had started crediting and debiting thousands of dollars to customers' accounts at random, and airlines had lost their air-traffic control — the ghastly realisation dawned. America was under attack; the victim of a cyber war. The Economist sketches out the nightmare scenario currently boosting the defence industry in Silicon Valley. Ronnie's brain RONALD REAGAN's intellect (which was never, perhaps, his strong point) began to show signs of deterioration as early as 1984. Analysis of his utterances demonstrated that their level of coherence had fallen dramatically in four years. By the end of his second term, he was saying things which were utterly devoid of meaning. When he de-

parted office, one would not willingly have left him in charge of a corner shop, let alone in charge of the world's most powerful state; but this raises the question of whether, in practice, running a corner shop is more difficult and less forgiving of error than being head of government. The owner of the shop cannot rely on a huge apparatus to prop him up, unlike the politician in office. The corner shop stands or falls by the conduct of its owner; the fate of the United States, unfortunately, depends on a rather more complex set of circumstances. The greengrocer theory of world leadership, outlined by A.M. Daniels in his review for the Times Literary Review of Hugh L. Bang's book, Alling Leaders in Power.

Jackdaw wants your jewels. E-mail jackdaw@guardian.co.uk; fax 0171-713 4336; Jackdaw, The Guardian, 119 Farringdon Road, London, EC1R 3ER. Dan Glaister



Ronnie's brain

Europe's iron chancellor Infoboom... the Economist

سكتا من الامل

Frank Quinn
Career
carved in
English

Wednesday January 17 1996

Markets sniff the sweet smell of cheaper money, page 12
Swifter review urged on pensions mis-selling, page 12

Financial Editor: Alex Brummer
Telephone: 0171-239-9610
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Finance Guardian

Warburg 'traded Forte shares'

Paul Murphy
SBC WARBURG, one of Forte's closest City advisers, is believed to have been speculating on Forte's fluctuating share price while the hostile takeover bid from Granada has progressed — with the investment bank effectively hedging its bets in the event that Forte loses its independence.

American investment bank JP Morgan, which is said to have slapped a global restriction on trading in either Forte or Granada as soon as the bid was launched. The news is likely to rekindle worries in the Square Mile that the unique "dual capacity" of London's major trading houses — allowing them to operate market-making and trading divisions while at the same time offering corporate finance advice behind "Chinese walls" — can be abused or simply prove an embarrassment.

Warburg declined to comment yesterday, while the Forte camp simply stated that it believed its adviser had disclosed its trading position properly. The head of equity trading at a rival investment bank yesterday defended War-

burg's right to follow such trading practices. "In principle there is nothing wrong. The trading arm is dealing on information which is in the public domain, and to restrict such dealing would be tantamount to an admission that the Chinese walls do not work."

The bidder's brokers, BZW and ABN Amro Hoare Govett, meanwhile, launched a market raid on Forte stock. Paying 384p a share (against the 366p "see thru" value of Granada's mixed cash and shares offer), the predator gobbled up a 9.2 per cent stake in its target. The fact that Granada stopped short of the 9.9 per cent it was allowed to buy under City takeover rules immediately drew an accusation from the Forte camp that the raid had failed.

"This is nothing more than a desperate attempt to restore momentum to its misguided bid. Granada has yet again shown its true colours by favouring certain shareholders over others," Sir Rocco Forte said in a statement. Granada's advisers insisted they had received an "extolent response" from the market, adding that the company had stopped short of the 9.9 per cent ceiling "in order to keep back a little market firepower" ahead of the close of the bid next Monday.

Notebook Rate hopes keep the gloom at bay

Alex Brummer
IT COULD have been thought that UK share prices might be tumbling, given the gloomy economic prospects in our most significant Continental markets and the broadside against the Treasury's own forecasts by the Commons select committee. But not a bit of it.

The word on the European bond markets, reflected here in gilts and equities, is that this weekend's Group of Seven meeting in Paris will put pressure on governments across Europe to ease monetary policy, to head off the slowdown and to counter the tough fiscal policy being imposed by the Maastricht criteria.



Pensions deadline
THE interim report from the Securities Investment Board, on the mis-selling of up to 600,000 personal pensions, hardly makes for reassuring reading. The life offices and independent Financial Advisers who moved with such speed to persuade people to transfer out of occupational pension schemes into personal pensions are moving a great deal more slowly in resolving the problem.

As the SIB has now formally acknowledged, the first deadline was missed at the end of 1995 when the first priority group — many already retired and soon to be retired transferees — were meant to be dealt with. The delay, SIB now says, have been due to software problems, which by most accounts are still to be resolved fully. Anyone who has followed events at the Stock Exchange cannot have any great confidence in the ability of any of our big financial institutions fully to control the IT agenda.

Rough passage
WITH its shares bringing an 8 per cent return, P & O has the dubious distinction of being the highest-yielding stock in the FTSE, having recently displaced Hanson in this honourable position. As with Hanson, the high yield at P & O appears to reflect the view that the company has become too highly geared, borrowing is close to £3 billion and has become somewhat rudderless under the leadership of Lord Sterling.

Given these reservations in the City, P & O now seems more determined to address some of these issues. In an effort to bring down borrowing it is flirting with the idea of selling its bulk container fleet, estimated to be worth £200 million, which recently has returned to profit after years of losses. It is also looking at the possibility of injecting its container fleet, which ties up a great deal of capital, into a joint venture with one of the other large container operators so as to lower its capital commitments. This, P & O hopes, might raise some capital to be invested in its cruise lines, which gener-

Fury as Scottish shuts two breweries

1,600 jobs lost as Labour blasts boom in boardroom and bust for workforce. 'Obvious Tories unfit to run country when Chancellor's local brewer axes people'

Roger Cowe
ASTORM of protest met yesterday's announcement from Britain's biggest brewer, Scottish & Newcastle, that it is to close two breweries following last year's £425 million takeover of Courage.



Last orders... racker John Rusby leaves Halifax's doomed Fountain Head brewery. The town once boasted 100 breweries. PHOTOGRAPH: DON MCFREE

The axing of Nottingham's Home Brewery and the Webster's site in Halifax, together with 13 distribution depots around the country, will lead to 1,600 job losses. Labour's employment spokesman, Ian McCartney, said the news undermined the Government's attempts to talk up the economy and he seized on the fact that the Chancellor, Kenneth Clarke, is one of Nottingham's MPs. "It is obvious that the Tories are unfit to run the country when even the Chancellor's local brewery is axing jobs," he said. "This news symbolises life in Tory Britain — boom in the boardroom and bust for the workforce."

Brian Revell, drinks industry national secretary of the Transport and General Workers Union, pledged to try to save the breweries. "We will explore every possible means of saving these breweries, which have a long history in their communities. The Government's Beer Orders, following a Monopolies Commission report in 1982, which have resulted in greater concentration of brewing. The Campaign for Real Ale said there was no need to close the Home Brewery. "Canra calls for the brewery and its tied estate to be put up for sale rather than closed," said campaign manager, Stephen Cos. "Several smaller breweries have been saved in the past few years by management buy-outs or independent management."

Scottish & Newcastle said the closures were necessary because of excess production capacity in the nine plants which had come together after the Courage takeover. Canra dismissed this. Mr Cos said the difference in production costs would be insignificant and concentration of brewing merely resulted in higher distribution costs. A spokesman for Scottish Courage, the brewing subsidiary of the Scottish & Newcastle group, said the closures, phased over the next nine months, would take out 1.5 million barrels of annual production, in a market of roughly 36 million barrels. The decision stemmed from a six-month review, which aimed to maintain the range of brands and support them with "the highest levels of service". He said the group was aiming for a network of large, low-cost, flexible breweries.

The Home Brewery, which was acquired by S&N in 1985, was selected for closure because it was a small, difficult site and did not produce lager. The Halifax plant, which had belonged to Grand Metropolitan before Courage's ownership, would have needed substantial investment. Home ales will continue to be brewed, under licence, by Mansfield Brewery, which will make Lion beers, originally brewed by Matthew Brown, which was acquired by S&N in 1987 and then closed down. Webster's, Wilson's and other brands brewed at Halifax will be made elsewhere in the group. The two brewery closures announced yesterday will cost almost 300 jobs. The remaining 1,240 redundancies will come from depot closures where there are overlaps between the two constituent companies, and from administrative staff in London, Edinburgh and Bristol. The redundancies, some compulsory, will cost £80 million and will eventually save £75 million a year.

senior officer 14 years ago. At 7am yesterday the first shift learned they would be among the last. Many of the workers were too angry to speak as they made their way to a union briefing in the site restaurant yesterday lunchtime. "It's just very disappointing," said one. "Halifax is becoming a ghost town."

John Rusby, a racker aged 52, had survived one round of redundancies at the plant, where he has worked for 33 years. "You've just got to carry on," he said. The 178 employees will join another 6,000 people seeking work in Halifax, which launched its latest appeal for government and European Union aid on Friday. The town is surrounded by areas with European Objective 2 status, making Halifax "the hole in the doughnut", said Steven Bonfield, who leads the chamber of commerce. Pam Warhurst, leader of the Labour-controlled council, called on Scottish Courage to reconsider the closure while options, including a management buy-out, were examined. "We are not giving up the ghost," she said. Alice Mahon, the town's Labour MP, disputed company claims that the plant was outdated. "When I have been round in the past couple of years I have been shown state-of-the-art brewing equipment."

200-year tradition to end

Martin Halseall
THE historic building on the label of Webster's bitter, "the home of brewing excellence since 1838", joined the casualty list yesterday as the Fountain Head Brewery, drawing water from a Fennine spring, faced closure with the loss of almost 200 jobs. Time will be called on the Scottish Courage site in October, ending two centuries of brewing in Halifax, West Yorkshire. The town had an estimated 100 breweries a century ago. Michael Ellison, chief executive of Calderdale Council, said 600 people worked at the Fountain Head when it became the council's

Whitbread does go ahead, the company would become the largest UK brewer. That is a slot currently occupied by Scottish & Newcastle, following its purchase last year of Courage. S&N's best known brands now include McKewen, John Smiths, Courage Directors, Theakston and Bushmills. Rival Bass has been comparatively quiet recently. Its big name triples, apart from

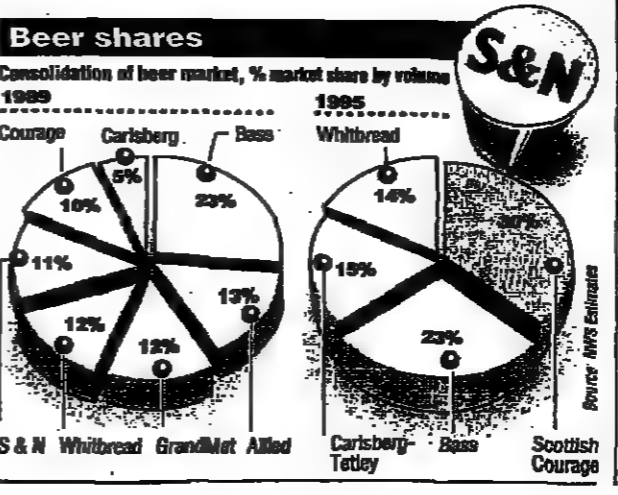
its eponymous brand, include Worthington, Tennents, Stones and Carling Black Label. Bass's room for manoeuvre has been constrained by its size which would be likely to provoke a monopolies investigation if it attempted any major acquisition. Brewing plays an increasingly less important part in Bass's profits, but at 21 per cent is still sizeable enough to be worth defending.

S&N turns off taps as drinkers' habits change

Outlook/As regional beers and foreign lagers win acceptance, brewers swing the axe. Pauline Springett reports
SCOTTISH & Newcastle's decision yesterday to axe 1,600 jobs is the latest evidence that the brewing industry has far from completed its consolidation. Quite simply, there are too many brewers producing too much beer. Beer drinkers' habits are

changing as new-style foreign lagers find favour. Die-hard beer drinkers are increasingly attracted to regional branded beers and ales. Another trend, also bad news for the brewers, is the growing proportion of beer sold through supermarkets for consumption at home. Given the supermarkets' buying power these rising sales yield less profit than the pub beer they replace. The growing influence of the retailers enhances the importance of brands. The result is that consumption of big-standard bitter is on the decline and the upshot of that is more breweries are likely to be shut. Not only will that have a big impact on local employment, but the price of beer should eventually rise. The brewers are certainly hoping, the price will rise. Competition between brewers has been so intense that the players have been forced to concentrate on market share. So volumes have been more important than price. The situation has been exacerbated by the new regulations designed to loosen the stranglehold of brewers on pubs. The 1989 Beer Orders forced breweries to sell thousands of pubs. Some brewers have since decided their future lies in owning pubs

rather than breweries because it is the pubs which are the bigger moneyspinners. As the table shows, there are now four big brewers. The rest of the market consists of smaller, local brewers about whom the prognosis swings wildly. Some analysts say the small guys are poised to clean up as the big players find it increasingly difficult to sell their beer. The alternative view is that they will be inevitably swallowed up by their bigger rivals. But because more than 90 per cent of beer is produced by the big four, it is their decisions which will shape the market for the foreseeable future. The baby of the four — just — in volume terms is Whitbread, whose best known brands include Flowers, Heileken, Stella Artois and Bodington. It has attracted much speculation about whether it wants to buy out Carlsberg-Tetley, or one of the two partners in this joint venture, which was formed from a merger of Allied's brewing interests with those of Carlsberg in 1992. Certainly Allied Domecq appears set on disposing of its 50 per cent stake in Carlsberg-Tetley. If



Australian gay bank aims to siphon off 'pink dollars'

Christopher Zim in Sydney
AGAY and lesbian co-operative-style bank, complete with credit cards and a full range of financial services, is due to open in Sydney and Melbourne, Australia, later this year. Millions of "pink dollars", from the higher-than-average incomes of many homosexuals, are expected to leave mainstream banks for the new credit union. The gay community says the move is necessary because the banks refuse to treat gays fairly, an allegation the banks reject. The project, developed with funds from the Australian Financial Institutions Commission, will also be open to heterosexuals. The bank, as yet unnamed, is to offer joint accounts, home loans, superannuation

and insurance. Gina Lyons, convener of the Gay and Lesbian Financial Institutions Research Project, said there was strong support within the gay community for its own bank. She said a year's research, including a 30-page questionnaire filled in by 400 homosexual respondents, showed that many thought banks unfriendly and discriminatory. One lesbian complained that a bank refused to recognise her partner's income in a home loan application, insisting they were two applicants instead of a couple. Others complained of problems in opening joint accounts. But the banks deny there is any discrimination. Lyndell Deves, chief manager of group communications at the Commonwealth Bank, said anyone could apply for a home loan or open a joint account.

TOURIST RATES — BANK SELLS

Australia 2.01	France 7.41	Italy 2.90	Singapore 2.16
Austria 15.10	Germany 2.18	Malta 0.5425	South Africa 5.45
Belgium 44.80	Greece 364.00	Netherlands 2.4500	Spain 163.00
Canada 2.04	Hong Kong 2.29	New Zealand 2.29	Sweden 10.08
Cyprus 0.8975	India 55.37	Norway 8.50	Switzerland 1.74
Denmark 8.43	Ireland 0.9500	Portugal 227.00	Turkey 98.468
Israel 8.70	USA 1.5075	Saudi Arabia 6.71	USA 1.5075

Supplied by NatWest Bank (excluding Indian rupee and Israeli shekel).



Mirror, mirror... Deputy Prime Minister Michael Heseltine unveils Pilkington's revolutionary new method for making mirrors in Lathom, Lancashire, where he earned the title "King of the Bungle" by announcing unemployment figures 24 hours early. PHOTOGRAPH BY DENIS THORPE

G7 pressure on Germans to lead fight for jobless

Larry Elliott
Economics Editor

FRANCE will try to persuade Germany to spearhead a Europe-wide fight against rising unemployment and looming recession when finance ministers and central bankers from the Group of Seven industrial nations meet in Paris on Saturday.

The French Prime Minister, Alain Juppé, and Finance Minister, Jean Arthuis, stressed yesterday that Paris and Bonn were looking at ways of boosting activity after recent signs of weaker growth.

Speculation that the Bundesbank might agree to joint action to kick-start the European economy sent share prices soaring, even though most analysts believe a cut in German rates is unlikely at tomorrow's meeting of the central bank's ruling council.

The FTSE-100 index closed almost 50 points higher as dealers shortened the odds on UK base rates being cut from their current level of 6.5 per cent at some time in the next couple of months.

The Chancellor, Kenneth Clarke, and Bank of England Governor, Eddie George, meet today for their regular assessment of monetary pol-

icy, but the City is divided on the chances of an easing in policy so soon after December's quarter-point reduction.

Gerard Lyons, chief economist at Japanese bank DKB, said: "My view is that they ought to reduce rates straight away. Clarke has both economic and political reasons for cutting, but I think they'll wait."

Ian Harwood, head of economic strategy at Kleinwort Benson, said he believed the French might go it alone if the Bundesbank declines to cut its discount rate tomorrow. "The economic news in France, as in Germany, has been awful lately. Unemployment has been shooting up in both countries."

Mr Harwood thought the likeliest outcome of the G7 would be for the Germans to agree to a further fall in the value of the mark, which has started to slide against the US dollar in recent weeks.

Despite attempts by the Bundesbank president, Hans Tietmeyer, to talk up the prospects for stronger German growth in the second half of 1996, the strength of the mark is seen as damaging German exports.

Mr Tietmeyer hinted this week that German rates could be cut again if the money supply figures continued to be weak, a move which would

delight the beleaguered French authorities.

Mr Juppé said France and Germany would, in the coming days or weeks, weigh measures to stimulate their economies. "We are going to see with Germany what kind of measures we are going to take, each of us individually," he said.

He was echoing remarks made yesterday by President Jacques Chirac, who said he had been talking with Chancellor Helmut Kohl about measures to boost economic growth and job creation.

Mr Arthuis said he wanted to see real interest rates fall so that their level was "more in a line with growth targets".

Both the French and the German governments are constrained from giving their economies a fiscal boost by their aim of cutting budget deficits to hit the Maastricht convergence criteria for a single currency.

American billionaire financier George Soros added to the brighter mood by saying the yen would continue to weaken against the dollar for the next two years. "The supply of yen is growing much faster than the supply of dollars," he said, adding that US monetary policy was too tight and the federal funds rate would fall.

News in brief

NatWest set to axe 450 high street jobs

NATIONAL Westminster Bank is poised to announce up to 450 extra job losses across its UK clearing bank network. The cuts, which are being negotiated with banking and staff unions, are expected to be finalised in the next few weeks. A NatWest spokesman stressed that the bank was looking for voluntary redundancies.

It is understood that the latest redundancies are part of a round of 3,000 cuts from last year. The spokesman acknowledged that NatWest had cut 20,000 jobs in the past six years, but said that most of those had also gone as a result of voluntary redundancy. Banking union Bifl estimates that UK banks have cut around 110,000 jobs since 1990. — *Pauline Springett*

Society halts account gamble

THE Alliance & Leicester Building Society has closed all membership accounts to new investors. The society, hotly tipped as the next to announce a flotation, withdrew the accounts yesterday due to high levels of speculative account opening.

Share accounts were being opened by investors hoping to cash in on a windfall should the society decide to become a bank despite its having raised the minimum investment last month to £5,000. The withdrawn accounts are the Tesco, Bonus 90, Bonus 100 and Midas share accounts. The changes do not affect the Alliance's 4 million existing members. — *Cliff Jones*

PowerGen board shake-up

A BOARDROOM shake-up at PowerGen, the smaller of the two power generators, was announced yesterday with chief executive Ed Wallis relinquishing day-to-day running of the group to become chairman with responsibility for overall strategy. He will replace Colin Southgate, also head of Thorn EMI. In a shuffling of top jobs at the company which closely mirrors earlier changes at the head of the group's bigger rival, National Power.

Deryk King, 48, currently head of ICI's polyester business, has been drafted in to fill the new role of managing director of PowerGen. The changes take effect from July. The company is currently embroiled in a Monopolies and Mergers Commission enquiry into its £1.5 billion bid for regional power company, Midlands Electricity. — *Simon Beavis*

EU backs paper firms merger

KIMBERLY-CLARK and Scott Paper have secured European Union approval for their merger only after agreeing to sell off substantial operations in the UK and Ireland, including a plant in Prudhoe, Northumberland. The European Commission said it cleared the \$9.4 billion (£5.1 billion) deal, announced in July last year, on condition that the merger did not combine Kimberly-Clark's Kleenex and Scott's Andrex tissue businesses in the UK and Ireland.

"This means the companies will have to divest themselves of Kimberly-Clark's tissue plant in Prudhoe, which was opened in 1971 and employs 650 people. Kimberly-Clark said it intended to sell the mill as a going concern." — *Julie Wolf in Brussels*

Beef scare hits food group

NEARLY £2 million was wiped off the value of the Sims Food group yesterday after it was learned that the BSE scare had savaged sales. Shares in the food processing group — which supplies meat products to most of the leading UK retail outlets — fell to a record low of 28p after the group said that fears over "mad cow disease" had cut sales by between 15 and 20 per cent in November and December.

Finance director Stephen Collier said the company experienced significant cancellations in beef orders as soon as the BSE issue arose in November. Ground beef products — accounting for 75 per cent of group turnover — were worst affected. — *Tony May*

Maxwell jurors day off

JURORS in the Maxwell trial were given the day off yesterday because one of them was ill. The woman was on a course of antibiotics, said the judge, and had asked for a day in bed. On Monday six of the jury — which has been deliberating since January 8 — were examined by a doctor after they each complained of a chest infection.

Kevin Maxwell, Ian Maxwell and financial adviser Larry Trapp yesterday all deny a charge of conspiring between November 5 and November 21, 1991, to defraud pension funds by misusing £22 million of pensioners' assets. Kevin Maxwell denies a second charge of conspiring with his late father Robert between July 3 and November 6, 1991, to defraud pension funds by misusing £100 million of pensioners' assets. — *Dan Atkinson*

Plant managers held hostage

STAFF on strike at a British-owned petfood factory in south-west France have been holding two managers hostage since Monday in protest against the planned closure of the site. Daniel Boulet, managing director of Spillers Petfood France, and human resources director, Bernard Manhaival, were taken hostage during a meeting of the works council.

But the men can move freely within the building, one of many sites of Europe's second biggest animal food producer. The CGT and CFTD unions want the local prefect to appoint a mediator to solve the conflict. The strikers want the closure plan withdrawn and Spillers' owner, Dalgely, either to modernise the plant at Boe near Agen or build a new production unit there. — *Reuter*

US banks profit rises prompt loans warning

Mark Tran in New York

A POSSE of big US banks yesterday reported stronger than expected fourth-quarter results but analysts at once warned of a possible erosion in profits amid growing problems with consumer loans.

For the fourth year running the sector enjoyed record profits as banks cut costs and a healthy economy boosted lending, securities trading and other businesses.

Citicorp, about to be overtaken as America's largest bank, saw fourth quarter profits fall to \$905 million (£588 million) from \$1.04 billion a year ago. The 13 per cent drop was attributed to a \$285 million tax benefit in the fourth quarter of 1994, lowering the bank's overall tax bill. But yesterday's figures still beat Wall Street expectations and Citicorp shares rose \$2 to \$68 1/2 in early trading.

The two banks that will combine to vault past Citicorp, Chase Manhattan and Chemical Banking, both reported robust results. Chase said fourth-quarter profits surged 48 per cent to \$460 million from a year earlier, easily exceeding analysts' expectations.

Profit from the bank's global financial services business, including securities trading, surged to \$158 million from \$53 million in 1994, while retail banking profits rose to \$137 million from \$120 million.

The results show "growing momentum in several of our core businesses," said Thomas Labrecque, Chase chairman and chief executive officer. Shares in Chase Manhattan gained 3 3/4 to \$59 1/4.

Meanwhile, profits at Chemical jumped 48 per cent to \$480 million from a year earlier. Profits from securities trading more than tripled to \$184 million.

The banking sector was one of the big winners in the stock market last year, buoyed by a flurry of mergers. Apart from

Chase and Chemical — America's biggest bank merger ever — Fleet Financial agreed to buy National Westminster's American commercial banking unit for \$8 billion and First Union is buying First Fidelity for \$5.1 billion.

But some of the big regional banks are beginning to see an increase in problem loans as American consumers now face their biggest debt burden in nearly four years.

Instalment debt has increased by \$225 billion in the past two years and home mortgages are up by nearly \$200 billion.

Even with the decline in interest rates in 1995, the cost of paying off these two types of debts had risen to 16.9 per cent of disposable income by the third quarter, up from 15.9 per cent a year ago.

Among the regional banks that saw an increase in problem loans in the fourth quarter were NationsBank, America's third largest bank, and Banc One, America's eighth biggest.

Aerospace merger fails but takeovers on cards

Mark Tran in New York

BOEING and McDonnell Douglas are expected to return to the takeover trail despite yesterday's collapse of merger discussions between the two aerospace companies over issues of price and management control.

If they had consummated a transaction, Boeing and McDonnell would have formed the world's largest defence company with a workforce of 185,000 and combined sales of \$35 billion (£23 billion).

The two companies broached the idea of an alliance late last year amid intense merger activity in the defence industry. Those that survive stand to make handsome profits.

Last week, Lockheed announced a \$9.1 billion acquisition of most of Loral, a defence electronics firm. That deal will create a defence behemoth with annual sales of \$30 billion, the biggest defence contractor in the world.

Boeing, based in Seattle, is the world's biggest maker of civilian aircraft and McDonnell, with headquarters in St Louis, is a leading manufacturer of military aircraft, including the huge C-17 transport plane.

While some analysts expressed scepticism at their proposed alliance, not least because of anti-trust considerations, the two companies were serious enough to retain legal and financial advisers. Boeing was represented by CS First Boston and McDonnell had retained JP Morgan.

But the transaction was scuppered when Boeing refused to pay a big premium sought by McDonnell, with a current market value of about \$10.2 billion, compared with Boeing's \$27 billion.

Boeing was also unwilling to cede a leading role in the company to McDonnell chief executive officer Harry Stonecipher.

While the two companies failed to reach a deal on a full merger, there is still scope for co-operation between their two military and space units. Each company has made clear its interest in expanding its helicopter, missile, space station and rocket businesses.

In the past year, McDonnell seriously considered buying Sikorski, the helicopter company owned by United Technologies, while Boeing looked at Textron's Bell helicopter unit.

It is possible that Boeing and McDonnell will sell each other military assets.

P&O plans cargo shake-up

Simon Beavis
Industrial Editor

SHIPPING and property group, P&O, is considering a significant shake-up of its cargo operations with plans for a disposal of its bulk carrier fleet and the probability of a new alliance in containers.

P&O, headed by Lord Sterling and under growing pressure to make savings and boost shareholder returns, is believed to be looking at ways of restructuring its maritime freight activities towards the more lucrative cruise-shipping operations.

The group's shares rose 4p to 48 1/2p yesterday amid suggestions that Lord Sterling was preparing a disposal of P&O's \$200 million bulk fleet in a deal which could also involve some small coastal tankers.

But it is thought that he may also be involved in a new tie-up in containers with one of P&O's big European rivals, such as Hapag Lloyd, following a growing trend in the sector towards alliances and joint-ventures to allow the main players to spread the costs of renewing capacity.

City watchers believe that P&O has returned to the idea of selling off its fleet of 14 bulk ships, used mostly for the transportation of dry bulk like iron ore and coal, following the bulk division's recent return to the black.

But with the market dogged by overcapacity few believe a sale will be easy or quick.

The group is said to have been vigorously pursuing talks with other container operators on a possible tie-up and some observers believe a deal could come soon on this front.

Investors, concerned at the group's \$2 billion of debt and high gearing, have been increasingly restive in recent months. But most have seen the group's property division as the most likely area for disposal.

Swifter review urged on pensions mis-selling

Despite more than a year's study, investors wrongly advised still lack redress, finds industry watchdog. **Cliff Jones** writes

THE chief City watchdog, the Securities and Investments Board (SIB), yesterday called on the pensions industry to urgently speed up its review of 1.5 million suspected cases of mis-selling.

Andrew Large, SIB chairman, also called on investors to help them by responding quickly to correspondence from their pension providers or advisers.

In its first progress report, the SIB revealed that investors have still had no redress as a result of the review of pensions mis-selling which it initiated in October 1994.

They had been wrongly advised to either opt out of their company pension scheme and take out a personal pension or transfer the benefits they had already built up in their employer's scheme into a personal pension.

The SIB Pensions Review set target dates by which cases should be reviewed. However, its report admitted that the first deadline of December 31, 1995, for some 400,000 priority cases has not been met. The cases include people who have already retired and widows or widowers of those who have died.

Labour's City spokesman, Stewart Darling called on the SIB to set a "strict timetable for compensation payments which the industry must meet". He added that progress in dealing with claims has been painfully slow and claimed that while many insurers have faced up to their responsibilities, a small minority had shown a reluctance — and in some cases wilful obstruction — in dealing with a major problem.

Mr Darling warned: "If the Labour's City spokesman, Stewart Darling called on the SIB to set a "strict timetable for compensation payments which the industry must meet". He added that progress in dealing with claims has been painfully slow and claimed that while many insurers have faced up to their responsibilities, a small minority had shown a reluctance — and in some cases wilful obstruction — in dealing with a major problem.

Mr Darling warned: "If the



Benefits cut-off will squeeze Middle England

Tory 'sanctions on the workshy' could show far-reaching effects among their core supporters. **Seumas Milne** reports

IN HIS incarnation as the last Employment Secretary before the job was abolished, Michael Portillo used to remark with a wry smile on how little attention his bill to introduce a Job Seekers' Allowance (JSA) was attracting. Now the detailed regulations, due to be debated in the Commons today, have seen the light of day, the reason for his apparent surprise has become clearer.

They show that the JSA, which will replace both unemployment benefit and means-tested income support in October, will mean a sharp cut in dole payments for tens of thousands and a dramatic acceleration of the drift to a compulsory workfare system.

Presented by the Government as mainly an attempt to streamline benefits for the jobless, the JSA's new penalties were described more frankly in the Conservative Research Department's in-house magazine as a system of "sanctions on the workshy".

Under the new system, unemployment benefit will become "contributory JSA" and income support will be turned into "means-tested JSA". While unemployment benefit, paid regardless of savings or partners' income, lasts for a year, the new contributory JSA will end after only six months. To bring forward the resulting savings, the Government is introducing the six-month unemployment benefit cut-off from this April.

An estimated 55,000 people will lose all or some of their dole money immediately. After six months, the redundant employees of Middle England will find their benefits cut off if they have savings or pay-offs of more than £2,000 or their partner works more than 16 hours a week.

Unlike unemployment benefit, the replacement contributory JSA will not be updated every year in line with inflation and will pay lower rates to out-of-work 18-to-25-year-olds. And contributory JSA claimants with adult dependants will not be able to claim extra, as they are entitled to with unemployment benefit. That is expected to translate into a £70 cut in weekly income.

JSA will reduce the number of hours the long-term unemployed are allowed to study from 21 to 15 a week. Then there is the risk that large numbers of disabled people will fall through the "incapacity gap" by virtue of not being disabled enough and thereby failing to qualify for the new Incapacity Benefit, due to replace Invalidity Benefit in April.

The quarter of a million likely to be affected will have to claim JSA instead and there is concern among sick and disabled people that some will end up falling through the JSA's "availability for work" test and be judged ineligible for JSA as well. The Government has dismissed such talk.

Underlying all these changes are new powers to compel the unemployed to take up low-paid work or join government schemes, which are themselves being compressed back. On top of that, large numbers of disabled people will now have to sign "jobseeker's agreements" backed up by "jobseeker's directions", allowing benefit officers to issue them with orders, enforced with new penalties.

In a report on the likely impact of JSA published today, the TUC argues there is no evidence that cutting benefits will help to push the unemployed back into work: a government survey found only 6 per cent of the jobless had a higher income from all sources than they had in work and 53 per cent were getting less than half their in-work income.

The Government is hoping to save £300-400 million in the first two years of JSA, but £270 million has already been spent on making the switch.

In a parliamentary answer to Labour's Employment spokesman, Ian McCartney, the Government has revealed that during the last four years of its existence, the Employment Department, which claimed up the JSA, spent £292 million on buildings — and no less than £74 million on furniture alone.

سكنا من الامل

Tennis

Rusedski fails to reach Henman high

David Irvine in Melbourne

IT WAS a long road, a hard road and a gutsy Greg Rusedski, in whose nostrils the scent of victory must have seemed so very strong here at Flinders Park, ultimately took that took him absolutely nowhere. Near misses mean nothing in Grand Slam competition, but to come as close as the British No. 1 did to beating the fourth seed Boris Becker in the first round of the Australian Open — the German having gone out at the same stage on both of his two most recent appearances here — must have been especially galling.

like Boris, if you give him just a little bit of a chance he takes it and just keeps going, said Rusedski. "I thought we saw what a great player he is. And the great players can turn these matches around." And, in truth, Becker saved himself. His head had been hanging, he was unsure that he'd leave the court a winner, yet he came up with an ace and then a scintillating forehand pass to survive the crisis. From then on he was a different player, so assured as he took command to win 6-4, 3-6, 4-6, 6-3, 6-3.

not hurt Becker enough, especially in the later stages. Henman's much-improved serve — an sharp and accurate volleying — paved the way for his 5-7, 7-6, 6-3, 6-4 win over Korda, who only nine days ago won the Qatar Open, where the Briton failed even to qualify.



Serving notice... Tim Henman powers to victory over Petr Korda at Flinders Park

Pierce opens her defence with powerful but patchy display

HIT-or-miss Mary Pierce, facing an opponent ranked 108 in the world, opened the defence of her Australian title with an unconvincing 6-3, 6-1 win, writes David Irvine.

Conchita Martinez's 6-4, 6-1 victory over Britain's No. 1 Clare Wood. Wood, a qualifier, briefly threatened to embarrass the No. 3 seed, but eventually lost.

seventh in the world rankings in 1995, only just failing to deny Becker — who called him "an Agassi with a serve" — a place in the ATP Championship final. And he was as ruthless as a top-form Agassi in his 6-3, 6-2, 6-4 dismissal of another German, Marc Gollner, in one of several heavyweight contests.

When it's warm it suits my game because I make my opponents run far more than they make me run. This being Stefan Edberg's last appearance in Melbourne, greater interest centred on his match with Jiri Novak. The Swede responded well, scoring his first five-set tournament victory in two years by 7-6, 7-5, 3-6, 5-7, 6-1.

Another popular winner on a day that attracted more than 25,000 spectators, was Paul Hanley (16) became the first man's seed to go, out 6-4, 6-4, 6-4 by the Belgian Filip Dewulf.

says, with being described as a one-shot wonder, the Croat hit only 10 aces and beat Bernd Karbacher 6-4, 7-6, 6-3 chiefly from the baseline. Ivanovic was lucky to take the tie-break 11-9 after Karbacher had led 5-1 and forced three set points. But from then on he was in total control. Sampras, by contrast, held the upper hand throughout in defeating Richard Fromberg 7-5, 6-3, 6-2.

Windsor runners and riders with form guide

Table with 2 columns: Race Name and Details. Includes races like 1.10 Philadelphia, 1.40 Derby, 2.10 No Fludding, 2.40 Windsor Handicap, 3.10 Windsor Handicap, 3.40 Windsor Handicap, 4.10 Windsor Handicap, 4.40 Windsor Handicap, 5.10 Windsor Handicap, 5.40 Windsor Handicap, 6.10 Windsor Handicap, 6.40 Windsor Handicap, 7.10 Windsor Handicap, 7.40 Windsor Handicap, 8.10 Windsor Handicap, 8.40 Windsor Handicap, 9.10 Windsor Handicap, 9.40 Windsor Handicap, 10.10 Windsor Handicap, 10.40 Windsor Handicap.

Nottingham

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Wolverhampton (A.W. Flat)

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Results

Table with 2 columns: Race Name and Results. Includes results for Carlisle, Windsor, and Nottingham races.

Racing

Gillespie carries can for fiasco at Cheltenham

Graham Rock

EDWARD GILLESPIE acting clerk of the course at Cheltenham on December 9, was fined £600 by the disciplinary committee of the Jockey Club yesterday for his handling of the abandonment of the Triple print Gold Cup meeting that day.

being told he was expected to give evidence in London, Sanders chose to ride at Lingfield. His suspension runs from January 19 to 26, and he is considering an appeal. Lorcan Wyer and Peter Niven were in trouble at Carlisle yesterday. Wyer was suspended for four days (January 25 to 28) for using his whip with unreasonable frequency and hitting Golden Hello twice down the shoulder in winning the Brampton Handicap. Niven was suspended for three days (January 25-27) for using his whip with unreasonable frequency on Fearless Wonder, winner of the Milton Handicap.

The officials found him guilty of breaching the "proper" conduct and good reputation of the racing in Great Britain. Gillespie was confident the day's racing would go ahead despite a heavy overnight frost and issued optimistic statements throughout the morning. He walked the track a few minutes before the stewards held an inspection, declaring the ground raceable.

Richard Dunwoody rode his first winner at Carlisle yesterday, General Wolfe in the Hayton Handicap Chase, and with favourites winning the first five races the Jackpot, which reached £418,860.36, produced 1,056.89 winning units, each paying £280.40. Tom Foley has decided that Paddy Mullins's stable jockey, Tommy Treacy, rides Danoli in the AIG European Champion Hurdle at Leopardstown on Sunday, and for the rest of the season.

Wolverhampton (A.W. Flat)

Table with 2 columns: Race Name and Details. Includes races like 2.00 Wolverhampton Handicap, 2.30 Wolverhampton Handicap, 2.50 Wolverhampton Handicap, 3.00 Wolverhampton Handicap, 3.30 Wolverhampton Handicap, 3.50 Wolverhampton Handicap, 4.00 Wolverhampton Handicap, 4.30 Wolverhampton Handicap, 4.50 Wolverhampton Handicap, 5.00 Wolverhampton Handicap, 5.30 Wolverhampton Handicap, 5.50 Wolverhampton Handicap, 6.00 Wolverhampton Handicap, 6.30 Wolverhampton Handicap, 6.50 Wolverhampton Handicap, 7.00 Wolverhampton Handicap, 7.30 Wolverhampton Handicap, 7.50 Wolverhampton Handicap, 8.00 Wolverhampton Handicap, 8.30 Wolverhampton Handicap, 8.50 Wolverhampton Handicap, 9.00 Wolverhampton Handicap, 9.30 Wolverhampton Handicap, 9.50 Wolverhampton Handicap, 10.00 Wolverhampton Handicap, 10.30 Wolverhampton Handicap, 10.50 Wolverhampton Handicap.

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Moore gives fog warning

CHARLIE MOORE, the Clerk of the course, warned yesterday that today's jump meeting at Nottingham could be the latest victim of fog.

Monday Sedgfield was abandoned after one race for the same reason. "We have had a problem with fog all day and it is forecast overnight too," he said. "I want to warn owners and trainers that we need the fog situation to improve. We will be looking at the track at daybreak and will keep people informed."

Advertisement for RACELINE, featuring a horse and jockey, with contact information for 0891 1525 and 0891 1526.

Vertical text on the left margin: 'e on', 'lead', 'less', 'shake-up', 'w urged', 's-selling', 'England'.

Soccer

Prodigal Ince back in England fold

TERRY VENABLES poured oil on the turbulent waters dividing him and Paul Ince yesterday by bringing the Internazionale midfielder back into the England fold.

Among the group again, seeing what I want done. I have spoken to Paul and Roy and he was fine. He is very keen to get over.

Along with Tottenham's Sol Campbell. Another Villa defender, Gareth Southgate, is also included.



Ehiogu... heads Villa trio

With Manchester United's Gary Pallister still nursing a back problem, Wright's clubmate Ugo Ehiogu is recalled.



Intermingle... Paul Ince has come through a difficult spell at Internazionale MARK LECH

Europe to act over Bosman defiance

UEFA faces a seven-figure fine from the European Commission for defying the Bosman ruling. UEFA insisted yesterday that it would maintain its limit on the number of foreign players a team can field in European competition.

ing affects cross-border transfers of out-of-contract players and telling it to put its house in order. The Premier League said the decision not to enter this year's Intertoto competition was taken because the tournament overlaps with the European Championship.

FA Cup third-round replay: Blackburn 0, Ipswich 0 (after 90min) Ipswich in defiant mood

IPSWICH produced a performance of uncommon character in difficult circumstances last night. Had their forwards' finishing matched the composure of their defenders Ipswich would have despatched Blackburn before this replay went into extra-time.

The First Division's wastelands are bedeviled by injuries to their key players of consequence. For many fans a place for dreamers and fanatics these days.

The cutting edge was missing. Ipswich must have been grateful. Ipswich actually came closest to a first-half goal.

Replays doubt on Ferdinand, Lee and Howey Shrewsbury Town 2, Fulham 1 Dempsey by a knock-out

INJURY may deprive Newcastle of their England trio of Lee Ferdinand, Robert Lee and Steve Howey for tonight's FA Cup replay at the home of Chelsea.

Stephen Bierley THEY poured down from the Wyle Kop and over the English Bridge in high expectation. The prize was a fourth-round tie against Liverpool, and Shrewsbury Town finally made it at Meadow last night after a first half of much tribulation that saw them reduced to 10 men.

off after a clash with the Fulham skipper Morgan. The referee had no doubt that the Wales Under-21 midfielder had used his elbow.

Van Vossen escapes to Ibrox Park

NEWCASTLE striker Peter Van Vossen has escaped to Ibrox Park after a "disastrous" move to Turkey yesterday when he completed his signing for Rangers.

PETER VAN VOSSSEN, the former Ajax and Holland striker, was rescued from a "disastrous" move to Turkey yesterday when he completed his signing for Rangers.

Sport in brief

Skiing Michael von Gruenigen continues to dominate the giant slalom. Yesterday he won his fourth title of the season by a huge margin in treacherous conditions.

Results

Sailing Graham Walker began the life of his latest Indulgence with a win on the opening day of Key West Regatta, writes Bob Fisher. His new boat, one of the exciting One-Design 48 class, led for most of the race after a good start to take the first finish gun of the regatta.

Fixtures

Soccer FA Cup: Third-round replays. Shrewsbury (0) v Fulham (1) at Wembley (8.45pm). Ipswich (0) v Blackburn (0) at Ipswich (8.45pm).

Boxing

Lewis camp threatens to bankrupt WBC over Bruno THE heavyweight jungle was awash yesterday with sensational claims of which was the most intriguing of which was that the World Boxing Council risked being bankrupted if it did not sanction a title fight between Lennox Lewis and Frank Bruno.

Cricket

World Series Cup: Australia 342-4 (100 overs) vs South Africa 249-7 (100 overs). New Zealand 100-0 (100 overs) vs Sri Lanka 100-0 (100 overs).

Rugby Union

Cambridge University v Bath (12.30pm). Bath v Gloucester (2.15pm).

Ice Hockey

USA vs Canada (8.00pm). USA vs Canada (8.00pm).

Snooker

Cheney v O'Shea (8.00pm). O'Shea v O'Shea (8.00pm).

Teamtalk The Independent News and Reports Service Call 0891 33 77+ Arsenal 06 Ipswich Town 19 Sheffield United 15 Aston Villa 11 Leeds United 03 Sheffield Wed. 14

Results Soccer FA Cup: Third-round replays. Shrewsbury (0) v Fulham (1) at Wembley (8.45pm). Ipswich (0) v Blackburn (0) at Ipswich (8.45pm).

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Cricket World Series Cup: Australia 342-4 (100 overs) vs South Africa 249-7 (100 overs). New Zealand 100-0 (100 overs) vs Sri Lanka 100-0 (100 overs).

Sport Guardian

Rugby Union INTERNATIONAL MATCH: Wales 31, Italy 26. CUS IRISH NATIONAL CHAMPIONSHIP: North Midlands 5, South Midlands 39.

Ice Hockey USA vs Canada (8.00pm). USA vs Canada (8.00pm).

Snooker Cheney v O'Shea (8.00pm). O'Shea v O'Shea (8.00pm).

07/10/1996

Rugby Union

International: Wales 31, Italy 26

Arwel gives Wales a kick-start

Robert Armstrong in Cardiff

Wales will embark on their Five Nations opener against England next month with the buoyant optimism of youth after a highly encouraging performance against Italy that was embellished by a splendidly inventive debut by the 21-year-old Bristol fly-half Arwel Thomas.

Thomas a third penalty from 30 metres before the Bristol fly-half underlined his growing authority with a series of raking touch-downs that gave Italy no respite.

It came as no surprise to see the Welsh stretch their lead to 18 points with a second well-timed try, this time by Evans, who collected a slick pass from the new cap Leigh Davies and squeezed past two defenders to score in the right corner.

The Italians relied heavily on long clearing kicks from inside their own 22 to relieve the pressure but Wales's shrewd blend of fast, precise driving and flexible support play by their backs kept the Italian try-line firmly in their sights. On the stroke of half-time Arwel Thomas hammered over a third penalty from 30 metres.

Dominguez got the Italians on the scoresheet early in the second half with two crisply struck penalties but Wales were not to be denied as their forwards and backs combined intelligently to set up a third try from outside the box. Once again Arwel Thomas served as the fulcrum of attack, shipping a short flat pass to the predatory Evans who burst through a phalanx of defenders on a 35-metre sprint that carried him imperiously to the posts.

In the final quarter Wales eased back a gear, content to keep the Italians bottled up inside their own half. Justin Thomas came within a whisker of scoring another try with a mazy run down the left flank but the No. 15 was held up by a couple of forwards as he muscled over the line.

In the closing stages the Italians at last developed a co-ordinated pattern of play which produced mercurial tries by the prop Properzi and the flanker Gardner, both of which Dominguez converted.

The Wales pack imposed itself with brisk efficiency each time Italy took a drop-out, driving the opposition back inside their own 22 and spreading the ball swiftly to the eager young three-quarters. The flankers, Hemi Taylor and Gwyn Jones, gave their opposite numbers a torrid lesson in how to win and keep possession at the breakdown whenever Italian passes went astray or their kicks failed to find touch.

Wales eased into a 13-0 lead in even time thanks initially to a vigorous piece of midfield rucking, which the scrum-half Andy Moore artfully exploited with a rapid transfer. Justin Thomas surprised the Italian defence with a simple direct break between two would-be tacklers, dancing his way through to ground the ball behind the posts. Arwel Thomas coolly converted.



First blood to a Scarlet... Llanelli's full-back Justin Thomas runs in Wales's opening try at Cardiff Arms Park. IAN EVANS

Rugby League

Championship: Wigan 32, Bradford 18

Seven on the trot for Wigan

Paul Fitzpatrick

THE argument was only about the minutiae of semantics and that was put to rest last night at Central Park, where Wigan followed their Regal Trophy victory by making sure of the seventh successive championship.

They would have preferred to do it in slightly grander style but their times tired-looking performance was hardly surprising after Saturday's exertions against St Helens. Bradford competed vigorously from the start but Wigan scored a try after only seven minutes thanks to Tuigamala's alertness in snatching an Edwards kick.

The kick was not one of the scrum-half's best — it had the height but not the distance — but Tuigamala turned it into a good one, reacting faster than the defence and streaking away to score at the posts.

Bradford equalised when they took advantage of Connolly's departure to the blood-bath. The full-back had barely been off the field a minute when Knox produced a delightful chip over the top, regathered and sent in Robbie Paul. Wigan took only three

minutes to reply, and again Edwards and Tuigamala were the agents. This time the Western Samoan flicked over the scrum-half's kick to Smyth, Connolly's replacement, and though the pass looked fractionally forward he ran clear.

Just before the interval Edah scored when Tuigamala's break was carried on by Edwards and his inside pass provided the winger with a gap too good to miss. Paul landed his third goal and Wigan led 18-6.

Bradford's good form in the first half was confirmed by Cordie's try soon after half-time, which Cook converted superbly to cut the lead to six points.

But by the hour Wigan were practically out of reach: Tuigamala sent in Smyth for his second touch-down, then clever interplay between Edwards and Paul opened the way for Cowie to score.

The best try of the night came when Paul produced a scintillating solo effort, going past four Bradford defenders in a mazy run from 25 metres.

Referee brought down by Halifax's seventh tackle

JOHN CONNOLLY, the Wigan-based referee, was counting the cost yesterday of miscounting tackles during Sunday's league game between Halifax and Warrington at Thurou Hall, writes Paul Fitzpatrick.

The 36-year-old Connolly has been stood down from tonight's match between St Helens and London Broncos, and his remaining games will be reviewed after his costly blunder on Sunday when he allowed Halifax seven tackles instead of the regulation six. From this final tackle Halifax scored a try, a crucial one in a game they won 20-14.

Greg McCallum, the controller of referees, said that referees must be accountable

for their decisions. "In circumstances such as these the League has to act," he said.

Connolly has been a Grade One referee since 1960 and was named Referee of the Year in 1983 and 1994. John Devereux, the Widnes and Wales three-quarter, may return to rugby union with Sale, who have been rebuffed, temporarily at least, in their attempts to sign the Salford prop David Young.

Widnes have opened talks with Sale about players switching codes in the off-season. Jim Mills, Widnes's chairman, said: "We have an open mind on the issue, but the chief problems possibly are too much rugby for the players and also insurance cover."

Top British clubs get together

Gordon Lyle

TOP English clubs are joining forces with their Scottish and Welsh counterparts in response to the start of the open era. Representatives met in Scotland yesterday to offer mutual support and discuss their approach to European competitions.

cerned enough about the future to talk of rebellion. "The professional game should be administered by a body in which we have full trust and confidence," Peter Wheeler, chief executive of Leicester and chairman of English First Division, said yesterday. "If that body proves to be the RFU we see that as a positive move. But we believe it remains to be seen

whether that is the case." Wheeler, who along with the Welsh club's representative Gareth Davies, of Cardiff, met officials from Scotland's top 14 clubs in Edinburgh, said: "We wouldn't like other countries to have to go through our kind of problems, and we can help with advice and short cuts. Scottish clubs have contacted us and asked about what is

happening. The Irish have been in touch as well." Wheeler's visit was seen as offering strong support to the clubs who have been angered by the Scottish Rugby Union's proposal to enter district, rather than club, sides in Europe next season and who fear losing top players to England if the SRU denies them the right to develop using revenue earned in Europe.

IB denies that England will be cast adrift

KEITH ROWLANDS, the International Board secretary, has dismissed suggestions that England will be forced to resign from the world's governing body if the Rugby Football Union's member clubs vote to stay amateur at their forthcoming special general meeting.

Rowlands said yesterday: "The game is not professional, it is open. There are unions where nobody gets paid. Open means open-ended. If the Rugby Football Union went amateur it would not affect their status in the IB. They would be joining 60 other IB countries."

The IB said a summit of coaches, players and referees from across the world would meet in London in March.

Referees in this season's Five Nations Championship will be paid £400 a match. Touch judges will receive £200.

Ice Hockey

Young Devil hoping for Britain call

Vic Batchelder

GREAT BRITAIN flew to Ljubljana yesterday for tonight's Olympic qualifier against Slovenia. The Cardiff Devils goalkeeper Steve Lyle, 16 last month, "just happy being part of the squad". Lyle was the youngest goalie included in a British senior party when he was selected as cover for the opening qualifier with the Netherlands. Whether the teenager will go one better and start tonight's game depends upon the man he calls "definitely the best coach in Britain", Peter Woods.

Cricket

World Cup looms over England

Mike Selvey in Durban finds the tourists are still stuck at the experimental stage

THE rollers were thundering on to the beaches here yesterday and the surfers were out in force. Top conditions, they were saying, a good swell out in the Indian Ocean. But the surfers' good fortune may rebound on today's cricket. The cyclones have come early and only a month ago a similar weather system flooded Natal and washed out the third Test.

Towards the end of an arduous and unsuccessful tour, England might welcome some respite. But there are loose ends to tidy, for by Monday, when they journey home, the chairman of selectors Raymond Illingworth must deliver his 14-man World Cup squad to the organisers. England want extra cricketers now like a lobotomy, but none the less they need it, and wash-outs will seriously retard their preparations.

As yet, little has emerged from the four on-one matches so far to clarify the issue. England have lost three of them, the last by a distance, and whereas South Africa are gradually refining their thinking, England it seems are still at the experimental stage. There are a few certainties: Mike Atherton, of course, and Graeme Hick, who has batted awesomely without making it count. Graham Thorpe and Neil Fairbrother, the one a one-day mudder and plunger, the other a manipulator, are also in there.

Dominic Cork and Peter Martin, two bowlers capable of pressuring, will make the World Cup, plus the spinners Richard Illingworth and Neil Smith simply because there is no one better qualified. Finally Alec Stewart and Jack Russell, both batsmen-wicket-keepers, will get the call. The test is up in the air. Illingworth's squad will probably consist of six frontline batsmen, as many bowlers — four seamers and the two spinners — plus a bits-and-pieces all-rounder and Russell. Nearly all the 14 players will come from those in South Africa.

Malcolm climbs down after racism claim

DEVON MALCOLM yesterday denied that his disputes with Ray Illingworth had anything to do with colour.

The England fast bowler had created a furor on Monday by suggesting that race might have accounted for his supposed ill-treatment by the England chairman. Yesterday his solicitors put out a statement explaining his position, saying: "Recent media comment has suggested that Devon Malcolm has accused the tour management of discriminating against him because of his colour."

Squash

Nicol primed to ambush Jansher

THE ultimate test in world squash faces Peter Nicol in the wake of becoming the first Scot to win the British national title. But, in beating Mark Chaloner 9-6, 8-1, 8-1 in Monday's final at Birmingham's Edgbaston Priory Club, Nicol demonstrated that he is now the man most likely to scale that final peak.

to pursue Jansher Khan on the world circuit and close the gap on the seven-times world champion.

Monday's final, in which he broke his English opponent in an opening game of 35 minutes, saw Nicol confirm the quality he showed last month in winning the first Super Series title of his career, the Mahindra International Challenge in Bombay.

That victory in India took him to No. 4 in the world and made him the highest-ranked Briton for the first time. It also emphasised that, as the youngest player in the top 10, the 22-year-old has the greatest long-term potential to trouble the Pakistanis.

Now Nicol has bolstered his confidence with a crushing victory over a high-profile opponent for it was Chaloner who clinched England's world team title in Cairo in November. "Peter has learned to play hard matches back to back, which is something Mark is still doing," said Neil Harvey, who is Nicol's personal coach and manager and was helping Chaloner in Cairo as the England coach.

Harvey thinks Nicol should next attempt to establish himself clearly as world No. 2, thus giving him a strong seeding position from which to launch an attack on Jansher. Nicol himself wants to think about challenging the world No. 1 straight away. "Now that I have the confidence and am moving in the right direction again after a difficult time last summer, I want to go on improving enough to beat Jansher as soon as possible," said Nicol. "I want to improve my forehand drive, which goes to the right-hander's backhand. But I was pleased on Monday that I came through a tournament

Richard Jago on the potential of the new British champion



Nicol... now has realistic hopes of topping Jansher

The Runnymede High School pupil intends in July to head for Canada and a career in North America. Having beaten Netherlands and drawn with Denmark and Switzerland, Britain are group leaders, but Slovenia will provide their toughest test yet.

The Sri Lankans' thrilling final-over victory over Australia in Melbourne ensured that they, and not the Lara-less and lacklustre West Indies, will fight out

the best-of-three final series against the hosts, starting tomorrow at the MCG. Chasing Australia's 242 for four, the tourists promoted the wicketkeeper Romesh Kaluwitharana to opener and saw him drive and pull his way to a 32-ball half-century; his 74 stole the match award from Steve Waugh (102).

Fraser's days seem numbered now with the nip gone, and his fielding is pedestrian. So Gough and DeFreitas will probably make the side, the former just getting back after injury and non-selection, the latter brought in for the one-day matches after being ignored for Test cricket.

Gough's ability to reverse-swing the old ball will be the principal talent for which Illingworth will be looking. The slow pitches could be in DeFreitas's favour, for he is at his most effective, now that the bite has gone from his bowling too, on surfaces where the ball does not hurry on to the bat.

Cricket England tour to SA Live Commentary 0891 22 88 28 Match Reports 0891 22 88 29 Calls cost 30p/min cheap rate, 40p/min at all other times. Supplied by BSL, 15 West Lane, Leeds LS1 5LE. Helpdesk: 0171 713 4773 Sport The Guardian

Becker survives Rusedski's charge, page 13

Wales shake off Italian challenge, page 15

Ince recalled to England ranks, page 14

Wigan clinch the championship, page 15

SportsGuardian

RED DEVILS GO INTO FOURTH ROUND WITH LAST-GASP HEADER

FA Cup, third-round replay: Sunderland 1, Manchester United 2

Cole breaks Roker hearts

David Lacey

ANDY COLE, with his first real attempt on goal in an indifferent performance for the £7 million striker, stole victory for Manchester United with a header a minute from time at Roker Park last night.

He also pinched the plaudits from Paul Scholes, who had come off the Manchester bench to provide the attacking inspiration United needed after Phil Gray had given Sunderland a half-time lead. Within minutes of replacing Butt, Scholes had brought the scores level.

Manchester United arrived on Wearside owing even more to the late goal from Cantona that had thwarted Sunderland at Old Trafford than was appreciated at the time. The subsequent strengthening of Newcastle's grip on the Premiership had left United with only the FA Cup as a serious option for an honour.

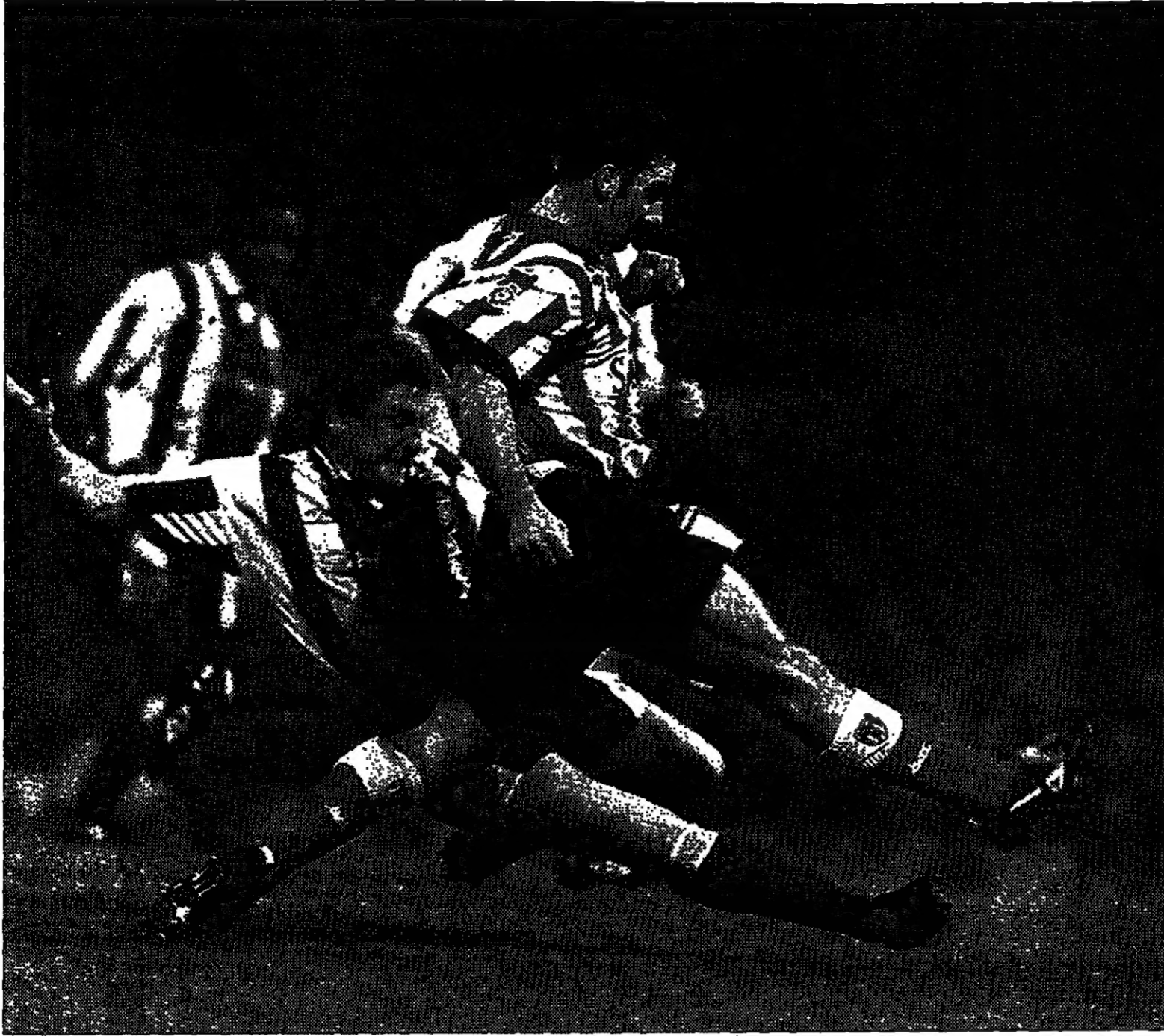
Sunderland's home defeat by Norwich two days earlier had hampered their drive for promotion, but the First Division side still looked in better fettle than the team tossed aside by Tottenham in last season's fourth round.

Certainly Alex Ferguson's players could not afford to lose their concentration now. They had, after all, won only twice in their previous 10 matches. Yet again United had shuffled their side around. Pallister was still missing at centre-back, so Farker was recalled as a third central defender to support Bruce and Gary Neville.

Whatever use an extra body might have been, Parker's presence in no way compensated for the loss of Pallister's command in the air, a point which soon became apparent as Ord towered above everybody at a free-kick to head the ball wide. Not long afterwards a long ball found Smith and Phil Gray unmarked near the edge of the United area only for the Sunderland pair to muddle themselves out of a promising situation.

The United plan depended on Irwin and Phil Neville augmenting the midfield from full-back, but the speed with which Sunderland moved the ball around and found gaps in the approaches to goal made it difficult for the Premiership defence to settle.

An early shot from Cole was deflected wide but United's attacking qualities were



Breaking the deadlock... Phil Gray slides home Sunderland's goal at Roker Park last night

PHOTOGRAPH: MICHAEL STEELE

not fully apparent until the 12th minute, when Giggs ran at Sunderland through the middle before giving Cole the chance to set up Phil Neville for a shot which he took off balance and sent wide.

Parker justified his selection just past the quarter-hour when he whipped the ball off Russell's toes after Phil Gray had nodded back a

centre from Smith. Roker remained in a state of boisterous optimism, although Sunderland knew they ought to be doing better during their early period of ascendancy.

Not to worry: after 24 minutes a mixture of slick improvisation in attack and sluggish defending saw Sunderland take the lead. A cross from Smith was headed out

by Bruce but only as far as Michael Gray, waiting a few yards beyond the penalty area. He prodded the ball through a thicket of legs. Agnew turned it into the path of Phil Gray, and Schmeichel was well beaten by a low shot.

For the second half Ferguson reverted to a more orthodox formation. The notion of playing three at the back was abandoned. Parker, living dangerously after one booking, was sacrificed for Sharpe, and Irwin slipped gratefully into right-back.

Yet still Manchester United's football searched for an

inspirational touch. On most nights such a touch would have come from Cantona after another dash through the middle by Giggs had offered the Frenchman space and possession to the right of goal. But Cantona turned slugishly to where all the defenders were waiting and the opportunity was gone.

Sharpe's presence on the left gave United a better balance and so long as only one goal separated the sides, there was always the possibility of the First Division side being caught by a touch of Premiership quality. In fact Scholes,

who had replaced Butt just past the hour, needed only seven minutes to prove the point.

With 20 minutes remaining, he accepted a square pass from Phil Neville, ran at a retreating defence and drove the ball low past Chamberlain from near the penalty arc.

Sunderland's Chamberlain: Kubicki, Melville, Ord, Scott, Smith, Agnew (Martin Gray, Farnon, Bracewell, Michael Gray, P. Gray, Russell).

Manchester United: Schmeichel; Irwin, Parker (Sharpe, Irwin), Bruce, G. Neville, P. Neville, Bull, Scholes, 851, Keenan, Cantona, Giggs, Cole.

Referee: M. Reed (Birmingham).

More reports, page 14

Paying heed to armchair supporters



Vincent Hanna

LAST Friday Mike Lewis of the BBC agreed to pay BSkyB about £30,000 for the right to broadcast on radio the Cricket World Cup, for which Sky owns all broadcasting rights. The deal was cheap at the price, and three cheers.

Well actually two cheers. I have a faint suspicion that had Auntie chosen to play politics, instead of thinking about cricket fans, it might have been to her advantage. The Broadcasting Bill is currently in the House of Lords, and a wireless World Cup would have provoked uproar.

Sky wisely chose not to hold the BBC to ransom — this time — but Friday's deal points towards a solution to the row about sports' rights and satellite domination, which has caused much huffing, puffing and stamping of feet on the better class of sports page.

At its heart is a conflict of two principles. First: the right of sports bodies to negotiate the best commercial deal with broadcasters, who in turn have a concomitant right to bid for sports events in open competition.

The Government's position is that, apart from a bit of tinkering around the edges, the parties should be left to get on with it. May the richest man win — and hello Rupert.

The second principle is harder to define. It is more of a gripe: television licence payers have long enjoyed free access to major sporting events, it isn't fair that they should be made to pay more to see them now, and something should be done about it.

There the argument wanes. That is because, if the Government tried to regulate free trade in favour of the terrestrial channels, sport would lose revenue and would no doubt demand compensation. The BBC and ITV are unable, or unwilling, to pay out the kind of money that Sky throws around.

THE 1990 Broadcasting Act hit on a sort of compromise by creating a list of eight national events which cannot be bought by pay-for-view TV.

Until now I have kept out of all this. Partly because thinking about it interrupts my sports watching — and because

taxi drivers and sports morals do not berate me about it.

My Damascene conversion came after the Ryder Cup. During the event I was locked in my shed — caught up in the drama. Later I got letters, pointing out that, since live coverage was bundled up on Sky with the recorded highlights, many people saw nothing; a peak of 1.2 million watched the final day's play in 1995 at home, compared with 5.5 million when the BBC had the rights in 1993.

Don't worry, I wrote back, the fearless Virginia Bottomley will do something.

Did you see her comment in Monday's Guardian? "There is a balance to be struck here," she said. "No doubt the bill will provide an opportunity to discuss this issue at greater length." I bet Rupert Murdoch is shivering with fear.

So, bearing in mind the slightly more than faint possibility that Virginia may not be in charge of this burning issue for ever, I chased up New Labour.

DR JACK Cunningham, the shadow National Heritage Secretary, is hideously biased — about Newcastle United. "I have black and white stripes on my sleeve," he explained. I know this. I made a by-election film at Tynebridge in 1985, which included film of Jackie Milburn's great goal against Blackpool at Wembley in 1951. When he saw it on air, Jack couldn't speak for emotion.

He points out that the 1990 list technically does not exclude subscription services such as Sky Sports. "We shall move an amendment to block that loophole. We also intend to initiate a review of the listed events, which may involve adding to them."

On Jack's team, as the new broadcasting spokesman, is Dr Lewis Moonie from Rirkaldy. I must say I find it deeply pleasing that broadcasters may soon find themselves in the care of a psychiatrist. He talked about the Cricket World Cup deal and had a long-term proposal.

"It should be possible formally to un-bundle broadcasting rights for major events," he said, "so that sports bodies can't hand over too much to one broadcaster. You might secure the live coverage, and another outlet could take up the edited highlights. A contract for television rights might not include radio."

Why can't the Government accept this now? It only takes a bit of imagination. But it would force the greedier sports bodies to think about maximising audiences and not just revenue.



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Robson rules out the England job

BRYAN ROBSON last night appeared to rule out the chance of becoming England's coach this summer, when he said that national opportunity had come 18 months too soon.

Robson, England's assistant coach and the man regarded as favourite to succeed Terry Venables after Euro '96, has 18 months of his Middlesbrough contract to run. He insisted on Monday night that their manager would fulfil that contract, the club's chief executive Keith Lamb saying he had received "a categorical reassurance" from Robson that he would stay for a year and a half at least.

Last night Robson, speaking on Sky Sports, said: "I'm happy with the decision I came to." The England opportunity, he explained, had arisen "too

early for me at the moment". The FA wants to appoint a new man before June.

However, the 39-year-old former England midfielder and captain said he enjoyed his involvement with the national side and did not rule out the possibility of taking the England job in the future.

"I know what it's about now," he said. "I would consider it if the situation arose where I was offered it."

"I have talked to Terry Venables about the situation. One of the points I mentioned was that I am hoping it's not going to affect what we've done over the last 18 months."

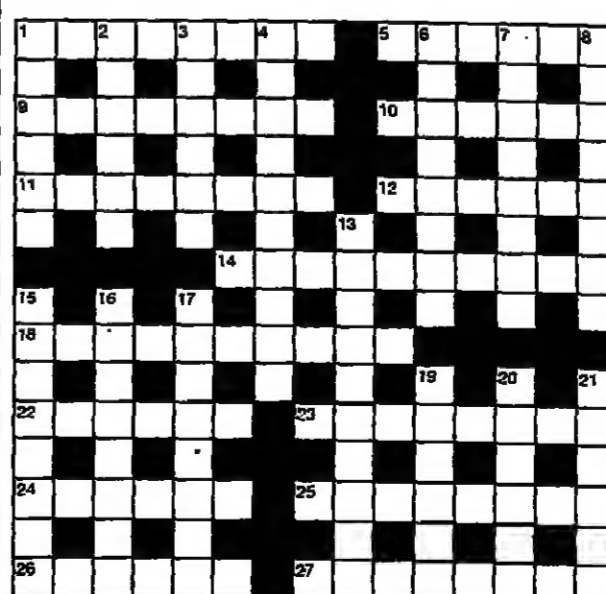
"I've enjoyed my involvement with the England squad. We set off two years ago for the European Championship finals and that's still my aim."



Suddenly, the real evil is not racism but anti-racism; the real villains not oppressors but oppressed. One expects this from rightwingers; intelligent liberals ought to know better. Francis Wheen

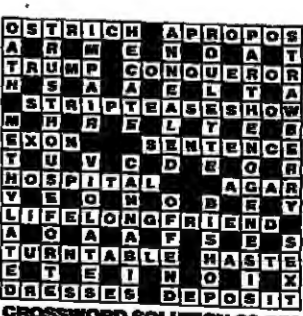
Guardian Crossword No 20,551

Set by Logodaedalus



- Across**
- 1,5 Well done corn and butter cooked (5,2,1,6)
 - 9 Wet bread found in filled mattress (5-3)
 - 10 Humble clergyman shows me inside (6)
 - 11 Each telephone around noon for receipts (8)
 - 12 Desmond goes to Cheltenham perhaps in this suit (8)
 - 14 Good man in book, getting plump, retreated (4,6)
 - 18 Church official by containing sin produces wine (10)
 - 22 I reach downwards from the waist, needing fruit after exercise (6)
 - 23 First person to reach a hundred caught by naked singer (8)

- Down**
- 1 Cricketer's hat (6)
 - 2 Stop work and go to bed (6)
 - 3 Vegetable container shown in list (6)
 - 4 They wouldn't allow a show of hands in the kitchen (4,6)
 - 6 Amateur still embracing former spouse on piano (8)
 - 7 Terrible daughter going to study, not quite satisfied (8)
 - 8 Residing uncomfortably in type of place by arena (6)
 - 13 A real vagabond initially stuck in the station, fasting (10)



- 15** Entertainment for diarist, we hear, and howl (4-4)
- 16** I do panto for a change, a big change for a child (8)
- 17** Parent not starting to hold face the other way in case (8)
- 19** Kind of fruit and crust I break (6)
- 20** Tree-trunk, dry inside, for storing liquid (6)
- 21** Runner-up taking a very short time (6)

Solution tomorrow

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